



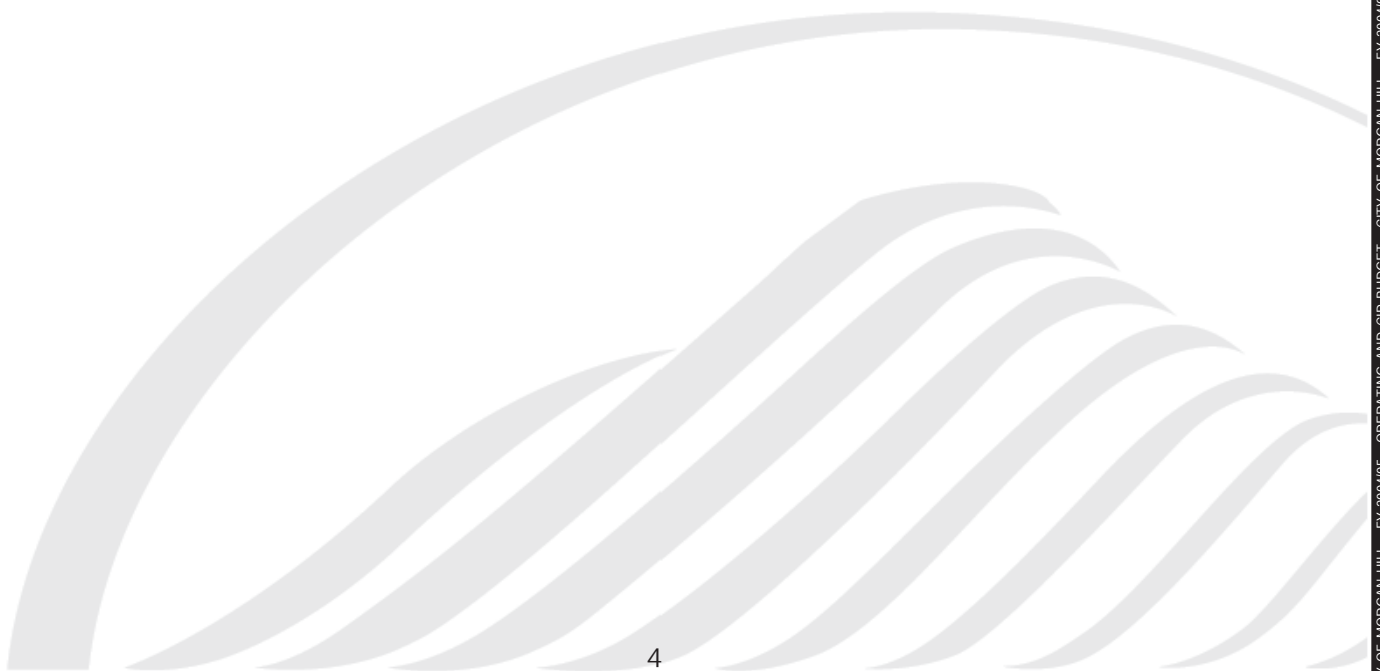
CITY OF MORGAN HILL
CALIFORNIA

Fiscal Year 2004/05 Operating and CIP Budget



M O R G A N H I L L A Q U A T I C S C E N T E R





GFOA Distinguished Budget Presentation Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Morgan Hill, California for its annual budget for the fiscal year beginning July 1, 2003. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



CSMFO Award for Excellence in Operational Budgeting

*California Society of
Municipal Finance Officers*

Certificate of Award

Excellence in Operational Budgeting 2002-2003

Presented to

City of Morgan Hill

This certificate recognizes the achievement of Excellence in Operational Budgeting and reflects an outstanding budget document and the underlying budgeting process through which the budget is implemented.

February 24, 2003



Joan Michaels
Chair, Budgeting & Financial Management
[Signature]
Vice-Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management

Program Quick Find

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CITY MANAGER'S OFFICE

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DATE: JUNE 16, 2004

TO: CITY COUNCIL

SUBJECT: FISCAL YEAR 2004/05

Dear Mayor and Members of the City Council:

I am pleased to submit the City Manager's Recommended Budget for Fiscal Year 2004/05. The budget is a plan to address community needs within fiscal constraints. Again this year, General Fund revenues are insufficient to sustain prior levels of spending. It will be necessary to use reserves in accordance with the City Council's previously adopted multi-year budget strategy. The Budget reflects the City Council's commitment to fiscal responsibility through long term financial planning, cost effective municipal services, and financial policies that recognize the need to fund future obligations.

The current budget document and Capital Improvement Program (CIP) provide a proactive, forward-looking program to address the dynamic needs of the City. However, the Budget also reflects \$900,000 in General Fund expenditure reductions in response to City Council direction in January and June 2004. In January, the City Council endorsed the City Manager's "Guide to Developing a Sustainable Budget Strategy." The guide proposed a series of steps, including expenditure reductions of \$800,000 and \$400,000 in 2004/05 and 2005/06, and revenue increases of \$800,000 and \$400,000 in 2005/06 and 2006/07, respectively. By taking these steps, it was projected in January that revenues would be brought into line with expenditures by June 30, 2008, so that deficit spending would disappear. In addition, the City Council adjusted the General Fund reserve requirement in January to allow fund balance to be drawn down over the next several years while steps are taken to balance revenues and expenditures. The new reserve requirement is still at a very safe level equal to 25% of estimated annual revenues.

It was necessary to eliminate funding for 10.75 positions in the General Fund for 2004/05 and to reduce certain less critical services to the public. Additional revenues were achieved in

various funds through adjustments to development impact, community development, and water fees. The Budget also proposes staffing, operational costs, and revenues needed to operate the new Aquatics Center for its first full year of operation. In the end, it was still necessary to use approximately \$1.7 million from General Fund reserves in 2004/05.

ECONOMIC AND DEMOGRAPHIC PROFILE

The City of Morgan Hill provides a high quality residential community for our many citizens balanced with a significant industrial and commercial base. Population increased by 2% as of January 1, 2004, to a level of 35,489. The economic success and distress of Silicon Valley has impacted local residents and businesses as well. The recession has resulted in the loss of 17% of the jobs throughout Santa Clara County and a reduction in sales and business visitors. Yet, approximately 5,600 persons were employed by the top 40 employers in Morgan Hill as of July 2003. This was 3% more than the prior year, as reported to the City on business license tax returns. The median price for a single family home in Morgan Hill rose from \$547,000 in calendar 2002 to \$568,000 in calendar 2003. The monthly median during 2004 has ranged from \$585,000 in January to \$660,000 in March. The monthly average of 41 sales during calendar 2002 increased to a monthly average of 44 sales for 2003.

The City provides a broad range of services, including police protection, development and housing, water and sanitation services, streets and parks construction, maintenance, planning, engineering, code enforcement, recreation, general city administration, and support services. The City has contracted with Santa Clara County to provide fire protection services and with South Valley Disposal and Recycling to provide solid waste collection services.

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The Fiscal Year 2004/2005 Budget is based upon an in-depth analysis of actual and projected fund balances, revenues, and expenditures. Each General Fund department was given a target level of expenditure reductions by the City Manager so that the \$900,000 in expenditure reductions could be identified. Each City department prepared line item detail for each



Morgan Hill is expanding its community amenities to include a community center, aquatics center, library and recreational facilities.

Morgan Hill provides the opportunity for year-round recreational activities including cycling, golfing and hot air ballooning.

Budget Message (continued)

department's activities and recommended certain service levels and activity goals for the 2004/05 budget year. The Finance Department prepared revenue projections based upon input from other departments. The City Manager, working with Executive Management, then reviewed individual departmental requests, prioritized activities based upon City Council policy, and made certain adjustments. At the conclusion of this process, the proposed budget was prepared, and it is being submitted to the City Council for review.

BUDGET HEADLINES

- Prepare Walnut Grove Planned Unit Development
- Implement Downtown Plan
- Work with Santa Clara County to develop Morgan Hill Courthouse
- Begin construction of the 16 unit affordable housing Royal Court townhouse project
- Complete design and begin construction of Indoor Recreation Center
- Prepare Indoor Recreation Center Operational Plan
- Complete design of new Library
- Contribute \$950,000 to help develop a relocated and expanded regional Soccer Complex
- Design a large Sports Complex for organized outdoor sports
- Carry out operations in new Police Facility and Aquatics Complex
- Conduct Police Citizen Satisfaction Survey
- Complete Police Mobile Communications Terminal Upgrade
- Develop strategy for Sub-regional Fire Protection
- Prepare Ridgeline Mapping and Protection Plan
- Complete Urban Limit Line Study
- Redesign Building permit applications & develop automated system for calculating fees

- Implement comprehensive Financial Software System
- Complete recruitments for new Police Chief and Community Development Director
- Negotiate Labor Agreements with AFSCME and CSOA
- Evaluate alternative health care benefits for employee
- Complete construction of Boys Ranch Reservoir
- Conduct Alignment Study for Butterfield Boulevard to Watsonville Road
- Construct Tennant/101 Traffic Signal
- Construct Sewer Lift Station G
- Prepare Emergency Response Plan for Water Service
- Aggressively deliver 5 year Capital Improvement Plan (CIP) of \$136 million

HIGHLIGHTS - FISCAL ISSUES

The total budget for Fiscal Year 2004/05 (including capital projects, Redevelopment Agency appropriations, and transfers out) is \$83,762,784, or \$17,526,313 less than the 2003/04 original budget as a result of a decrease in capital projects for 2004/05. The budget includes a Capital Improvement Program (CIP) of \$22.5 million for new projects in 2004/05. Because of the economic challenges facing the City, the budget also includes the net reduction of 8.75 full-time equivalent positions, for all funds combined, as shown below. Budget cuts were in less critical activities. The effect on the General Fund is the elimination or transfer to other funds of 10.75 full-time equivalent positions.

City Attorney: One previously unfunded full-time equivalent position identified as Deputy City Attorney has been eliminated.

City Manager: A total of 1.50 previously funded full-time equivalent positions have been eliminated, including one Assistant to the City Manager and a half-time Municipal Services Assistant; and the duties associated with environmental programs have been

Budget Message (continued)

HIGHLIGHTS - CHANGES IN BUDGET FORMAT

- Activity for Volunteer Services is now accounted for as part of Recreation activity.
- Activity for Building Maintenance associated with the Community and Cultural Center and with the Aquatics Center are now accounted for in Building Maintenance Fund #740, and expenditures for these activities are then allocated to the Community and Cultural Center and Aquatics Center operating budgets as line-item charges.

2. The City's costs, especially for employee benefits, are going to increase significantly over the next five years; and
3. The Governor and Legislature are considering a range of options to balance the State budget that might reduce city revenues or further increase City costs.

Because the City has prudently built up financial reserves over the previous decade, Morgan Hill is in a position to carefully manage a response to each of these three challenges without resorting to dramatic service level reductions or to immediately increasing taxes.

FUND SUMMARIES

GENERAL FUND

Five Year Financial Plan Overview

The City is faced with three budget challenges:

1. The local economy is not generating sufficient revenue to sustain current services on an ongoing basis;

However, unless there are long-term structural changes to bring the budget into balance, the current level of spending on basic city services is not sustainable. Over the past two years, General Fund reserves have been used to balance the budget. In the current year alone, it will be necessary to use \$930,000 in reserves even after aggressive efforts to reduce costs through a hiring freeze and delayed purchases.



Located at the southern edge of Silicon Valley, Morgan Hill offers businesses a campus-like atmosphere surrounded by hills, lakes and parks.



The roster of Silicon Valley companies that call Morgan Hill home is impressive and diverse.

That list includes: Abbott Labs, Anritsu, Ericsson, Specialized Bicycles, Fox Racing, Sakata Seed and Media Arts to name a few.

After nearly a decade of steadily building reserves, the following series of critical adverse factors have caused us to begin consuming reserves at an unsustainable rate: the lingering economic slowdown, State actions to cut local revenues, substantial cost increases (especially for employee retirement), and changes in the City's revenue base. Based on currently foreseeable trends over the next five years, if no action is taken, the General Fund reserves will not simply fall below reasonable target levels; they will be depleted.

Budget Message (continued)

revenues and expenditures in that year. The above assumes that \$320,000 in property taxes is taken from the General Fund in that year. The schedule above projects that the General Fund would have a reserve of 28% at June 30, 2008, which would exceed the 25% reserve target.

It is anticipated that concurrent with the presentation of the City Manager's Recommended Budget for FY 04, the Governor will be presenting his revised budget proposals to the Legislature. It may take weeks or months before the full effect is known. Depending on the outcome of State budget deliberations, it may be necessary to reopen the City's budget discussions after July 1 to address the impacts.

Current 2004/05 Budget Overview

Available fund balance as of June 30, 2004, is now projected to be \$9,821,672, including \$3,622,000 in required reserves. This includes

the effect of a \$930,000 projected operating deficit for 2003/04. The 2003/04 budget originally anticipated a \$370,000 operating deficit. This deficit was magnified by a loss of \$630,000 in motor vehicle in-lieu fees caused by State actions and by a \$410,000 drop in sales taxes; offset by higher property tax receipts and expenditure savings. The budget for 2004/05 estimates that total fund balance will further drop by another \$1.9 million to \$7,896,317 as of June 30, 2005, even with the inclusion of \$900,000 in expenditure reductions in the proposed budget.

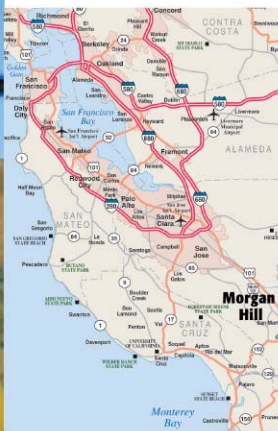
Revenues in 2004/05 for the General Fund, including transfers in, are estimated to be \$16,839,953. This represents a 10% increase over the previous year's projected revenues, which is primarily related to a \$900,000 increase in the Aquatics revenue associated with the first full year of operations for the new Aquatics. By excluding this Aquatics revenue, revenues would instead increase by approximately 4%. Sales taxes are estimated to increase by 9%, resulting primarily from newly opened businesses, and transient occupancy taxes are estimated to increase by 5% in 2004/05. In general, the 2004/05 Budget estimates reflect very modest growth for most

General Fund revenues, as we expect that the economy will recover slowly beginning in the next fiscal year.

Appropriations for 2004/05, including transfers out, are \$18,765,308, which represents a 14% increase compared to the prior year original budget. However, if the \$900,000 increase in Aquatics costs associated with the first full year of operations were excluded, the change in budget would be only 8%. While most General Fund departments reduced their budgets for



Morgan Hill is just 30 minutes from San Jose International Airport, where new terminals, runways and roadways provide easy access and convenience to Silicon Valley travelers.



Highway 101 runs directly through Morgan Hill and easily connects business centers throughout the Bay Area



By 2015, jobs in Morgan Hill are projected to grow by nearly 120%, positioning the city as a strategic employment center in Silicon Valley.

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

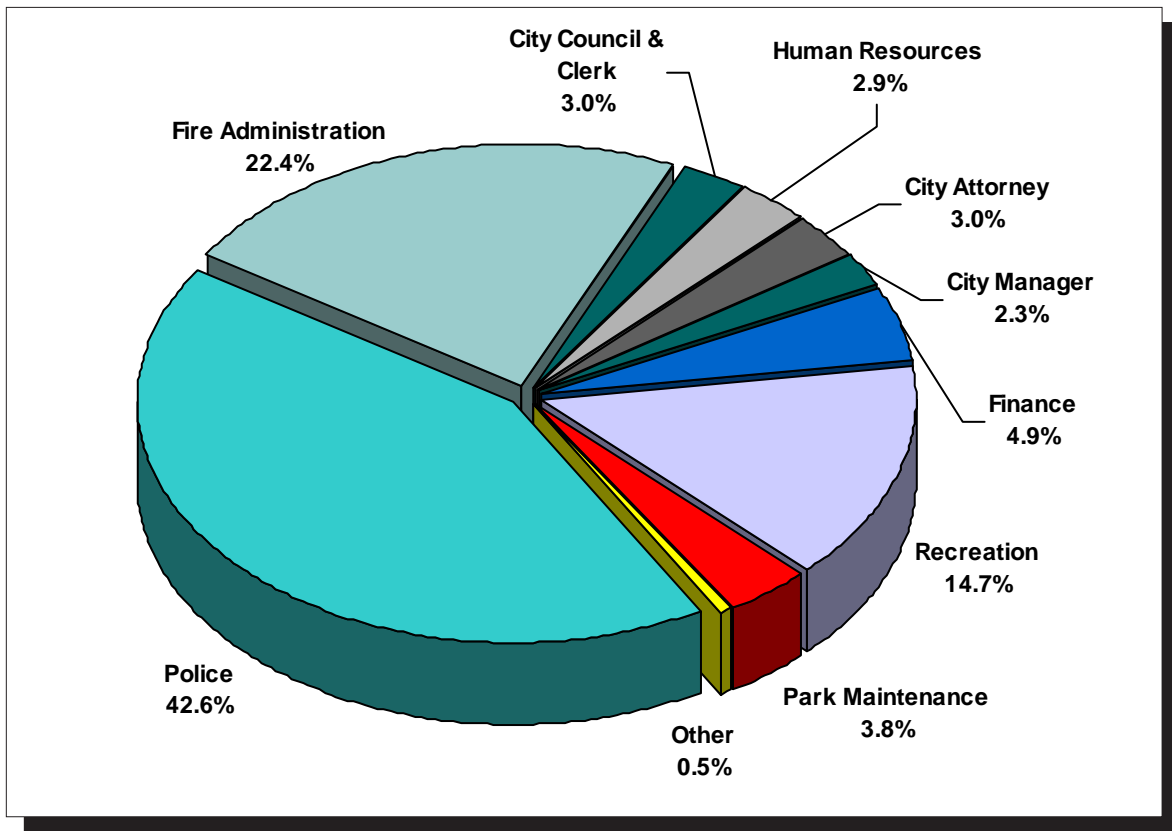
Most of the General Fund is committed to Public Safety. Police appropriations are \$7,988,250 and Fire appropriations are \$4,194,617, for a total of \$12,182,867. The

The bar chart displays the Operating Gain (Loss) in millions of dollars for each fiscal year from 94/95 to 04/05. The y-axis ranges from (2.0) to 2.0. The x-axis lists the fiscal years. The bars for 03/04* and 04/05* are marked as projected.

Fiscal Year	Operating Gain (Loss) (\$ Millions)
94/95	(0.25)
95/96	0.85
96/97	0.55
97/98	1.50
98/99	1.80
99/00	1.10
00/01	1.75
01/02	0.55
02/03	(0.10)
03/04*	(0.80)
04/05*	(2.00)

Budget Message (continued)

FY 2004/05 General Fund Expenditures by Department



total of these amounts accounts for 65% of General Fund appropriations, as shown in the pie chart below. In 2003/04, the original budget provided for a total Public Safety budget of \$10,485,727, which accounted for 64% of the total General Fund budget.

The remainder of the General Fund accounts for General Government operations (City Council, City Clerk, City Manager, Finance, Human Resources, and City Attorney), Park Maintenance and Recreation Services. A significant portion of the administrative cost is recovered in the form of charges to other City departments for services performed. Operating costs for the new Community & Cultural Center and Aquatics Center are reflected in the General Fund, creating opportunities and commitments. It is anticipated these new, ongoing financial commitments, high on the City Council's priorities, can be absorbed by the General Fund in the years to come. A schedule of future anticipated revenues and expenditures for

Recreation, including the Community and Cultural Center and Aquatics, is included in the special analysis section. For the Aquatics Center in 2004/05, the \$1,179,260 in proposed operating costs are to be financed with \$1,181,625 in program income.

The most significant sources of General Fund revenues for 2004/05 are:

- Sales Taxes of \$4,600,000, or 28% of total estimated revenues
- Property Taxes of \$2,960,896, or 18% of total estimated revenues
- Motor Vehicle State Subventions of \$1,423,800, or 9% of total estimated revenues
- Reimbursement for General Administration Overhead of \$1,793,851, or 11% of total estimated revenues
- Franchise Fees of \$965,000, or 6% of total estimated revenues

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

- represents a 9% increase over the prior year original budget. Revenues in 2004/05 are estimated to be \$2,737,309, or 22% more than prior year budgeted revenues. Proposed revenues for 2004/05 reflect increases in community development fees that are effective July 6, 2004, but do not yet reflect full cost recovery, as calculated in a consultant study. Staff has preliminarily projected that additional planning and engineering fee increases are necessary on July 1, 2005, in order for costs to be fully recovered. It should be noted fund balance for the Community Development Fund is projected to drop to \$728,909 as of June 30, 2005.

The General Plan Update Fund continues to provide the resources for the General Plan Update. The General Plan Update effort is critical for the City as it provides the basic policy blueprint on growth, development, and services. The costs associated with this activity are partially financed through a 5% surcharge on all building and planning permit fees.

STREET MAINTENANCE FUND

The Street Maintenance Fund is a special revenue fund used exclusively for street maintenance and traffic safety activities.

20

Budget Message (continued)

Included are maintenance and repair of all roadways, streets, curbs, gutters, medians, roadway shoulders, and alleys; cleaning and repair of catch basins and storm drains; traffic engineering, safety studies and modifications, and related geographic information systems; street lighting and signal operations; and painting, marking, and striping. State gas tax funds that finance these activities are distributed based on population.

Revenues, including transfers in, are budgeted as \$1,403,635, including \$674,000 of Gas Tax funds, \$100,000 in transfers from the Environmental Programs Fund, and \$600,000 in transfers from utility funds. Budgeted revenues, including transfers, reflect a 24% decrease from the prior year. While the General Fund transferred amounts into the Street Maintenance Fund in years prior to 2003/04, no funds are proposed to be transferred from the General Fund in 2004/05.

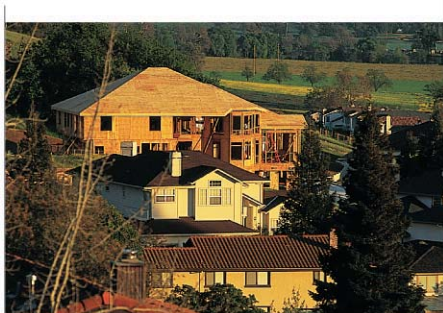
PARK MAINTENANCE FUND

When the City Council established this fund, the Council planned to use it as an “endowment” fund for park maintenance and to pay for repairs and upgrades to existing parks. The interest received on the principal balance is to be appropriated strictly for maintenance of the City’s parks. Revenues come from double park fees and from previous one-time general fund transfers of “excess” General Fund reserves.

The interest revenue from this park maintenance “endowment” fund normally generates approximately \$100,000 per year in additional park maintenance funds that is used to pay for personnel in the Park Maintenance operation. For 2004/05, the budget proposes that the annual \$100,000 transfer from this fund to the General Fund be increased to \$125,000 to assist in financing park maintenance costs paid from the General Fund. The fund balance is projected to be approximately \$3.1 million as of June 30, 2005. This fund over time may resolve park maintenance concerns of City policy makers and residents.

SEWER AND WATER FUNDS

These are enterprise funds, where all costs incurred are covered by the fees and charges paid by users of the systems. Presently, the City has approximately 12,000 accounts (including residential and business customers). The City water system meets or exceeds water quality standards. Budget



As a growing residential community, Morgan Hill offers affordable housing including apartments, condominiums and single family homes.



Morgan Hill employers are served by skilled job seekers from more than six community colleges and world-class universities such as San Jose State, Santa Clara and Stanford.



Serving a diverse community, Morgan Hill schools are recognized for their achievements in innovation, dynamic partnerships, exceptional programs and support services.

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

Replacement, Information Systems, Building Maintenance, CIP Administration, Workers Compensation, Liability, and Unemployment Insurance.

The Information Systems budget includes \$51,550 in 2003/04 and \$287,025 in 2004/05, for a total of \$338,575, to provide a new comprehensive Financial Software Systems package to address significant current systems problems and to provide tools for all departments to more efficiently perform their duties. In particular, a new project accounting module would greatly assist Public Works staff in managing costs associated with the large array of complex projects that the Public Works Department oversees. The cost would be distributed to the General, Redevelopment Agency, Sewer, Water, Information Systems, and CIP Administration funds, as described in the special analysis section of the budget.

Total new capital projects are budgeted at \$22.5 mil as reflected in the CIP attached as an appendix. The capital projects budget is comprised of:

- Capital projects are described in detail within the CIP. Current year projects are included in the budget document under the applicable responsibility centers. Projects for 2004/05 include:

- ## INTERNAL SERVICE FUNDS

Internal Service funds are essentially responsibility centers within the City that provide services to other departments. These other departments are then charged for the portion of services provided to them by the respective internal service responsibility center. These funds include Equipment

Budget Message (continued)

- Sewer Plant Improvement Project (\$2.5 million for construction)
- Butterfield Detention Basin (\$2.0 million for site acquisition)
- Community Indoor Recreation Center (\$4.6 million for construction)
- Library (\$3.5 million for professional services/site acquisition)
- Sewer Plant Improvement Project (\$1.8 million for construction)

Many of these projects are possible because of the referendum for the Plan Amendment to the 1981 Ojo de Agua Redevelopment Plan that was approved by the voters in November 1999. Of the total \$22.5 million in capital projects described in the CIP for 2004/05, \$8.7 million will be financed by the Redevelopment Agency.

APPROPRIATIONS LIMIT

The City's appropriations limit for this budget cycle has been prepared in accordance with the uniform guidelines. The appropriations limit imposed by Propositions 4 and 111 creates a restriction on the amount of "proceeds of taxes" which can be appropriated by the City in any fiscal year. The limit is based on actual appropriations during the 1978-79 fiscal year, as increased each year using growth of population and inflation indexes. The limit of \$54,717,489 for 2004/05 is significantly greater than the actual appropriations of \$12,102,086 subject to the limit for this year. Therefore, it appears that the City will not exceed its appropriations limit in the foreseeable future.

SUMMARY

While the City has large reserves and resources on hand, the City must be cautious because of the significant drop in revenues, future costs to operate new facilities, rapidly increasing retirement employee costs, and the threat of State action to take away revenues. However, the City is in a position to accomplish completion of the major Visioning projects that the community desires. While growth in revenue over the next year is projected to be small, we expect that the economy will start to recover in the second half of next fiscal year and return to the more typical growth in revenue. The strong reserves maintained by the City reflect the foresight of the City Council and community and will allow the City to manage costs in a strategic manner.

I wish to acknowledge my appreciation to the members of the City Council for your continued support of programs that deliver necessary public services and for your sound fiscal policy. I also wish to express my appreciation to the talented and dedicated City staff, including Budget Manager Chu Thai, for their assistance in the development of this budget.

Respectfully submitted,



J. Edward Tewes
City Manager

General Information

About the City

Budget Overview

Fiscal Policies

Description of Funds

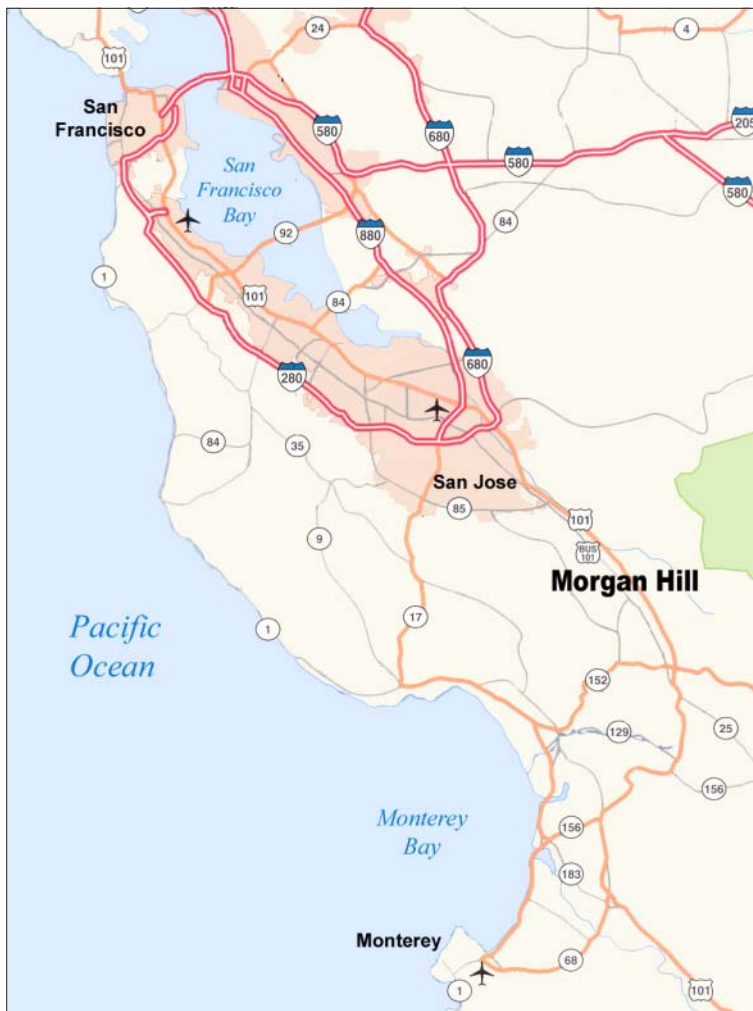
Glossary

Resolution Adopting City Budget

Appropriations Limit Calculation

Resolution Adopting RDA Budget

About the City



managed to acquire more than 70,000 acres.

In 1851 the youngest son, Daniel, married Maria Fisher, heiress to the neighboring 19,000 acre Rancho Laguna Seca. Diana, their precocious daughter secretly married Hiram Morgan Hill in 1882. When Daniel Murphy died, Diana inherited 4,500 acres of their original rancho in the shadow of El Toro.

Diana and Hiram Morgan Hill built their estate, the Villa Mira Monte, between the railroad and Monterey Road in 1886. When the first Southern Pacific station was built in 1898, the railroad referred to this area as Huntington. Many visitors would request the train stop at "Morgan Hill's Ranch," changing the name to Morgan Hill.

Prior to the arrival of Spanish expeditions en route from Mexico, peaceful tribes of Native Americans inhabited the lush Santa Clara Valley. Under Spanish and Mexican jurisdictions, instituted in 1778, a vast region that includes present day Morgan Hill was one of the most substantial Spanish land grants for nearly three quarters of a century.

In 1845 Martin Murphy, Sr. acquired 9,000 acres known as the Rancho Ojo de Agua de la Coche. Murphy had been a leader of the first party of pioneers to cross the Sierra Nevada range at Truckee Pass, later to become the route for the Southern Pacific Railroad. The Murphy family made its home in the valley below El Toro Mountain. By 1870 Martin's seven sons and daughters had

By 1896 the growing community had a population of 250 with a post office, depot, two hotels, a restaurant, and several churches and shops. There was much controversy over the incorporation of the city. The Times printed many editorials supporting the issue, while those opposed were fearful of higher taxes. But the "yes" vote won by a margin of 65-36 and Morgan Hill became incorporated November 10, 1906. By 1909 the population rose to 1,000.

The first school was built in 1894, but was soon outgrown and in 1907 architect William Weeks designed a new school. By the 1920s the City was known for its agricultural products including prunes, apricots, peaches, pears, apples, walnuts, and almonds. The region boasted prosperous vineyards until Prohibition demanded that

About the City (continued)

production temporarily cease. Around the 1950s Morgan Hill experienced an economic transformation from an agricultural center to a suburban residential community. Growth began to accelerate rapidly in the 1970s as Silicon Valley developed and workers were attracted to Morgan Hill's small town atmosphere, sense of community and reasonable housing prices. On November 3, 1973 the Morgan Hill Civic Center and library were proudly dedicated to the community of 7,000. By 1980 the population increased to approximately 18,000 residents. The 2000 census confirmed that 33,000 citizens called Morgan Hill their home.

Thoughtful planning has made Morgan Hill one of the most desirable and fastest growing city in Santa Clara County. People are drawn to the beautiful hillsides surrounding the valley, the peaceful atmosphere, the quaint downtown shops and eateries and general quality of life. Parks and open spaces abound, making Morgan Hill one of the last communities in the region with a charming, small town atmosphere. The fertile soil in and around Morgan Hill help growers produce wonderful fruits, vegetables and award winning wine. Residents and visitors often spend a sunny afternoon visiting some of the local vineyards offering wine tasting and tours, enjoying one of the local golf courses, or floating above the city in a hot air balloon.

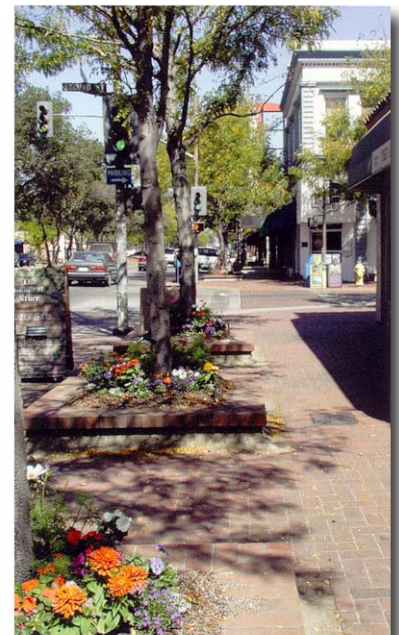
The City of Morgan Hill is actively working to increase the amount of park space available to its citizens. It has purchased the 37-acre soccer complex on Condit Road and plans to convert it to a sports complex with fields for multiple sports, restrooms and concession stands. The City recently purchased eight acres immediately east of its Community Park. The land is slated to include an indoor recreation center with a gymnasium, youth and senior wings, and perhaps a swimming pool. It also hopes to build an aquatics center. Morgan Hill youth have the opportunity to participate in an array of organized sports activities such as baseball, soccer, football as well as the availability of dance, gymnastics, and karate studies. The

Morgan Hill Unified School District works closely with the city to plan new school campuses.

The Morgan Hill Unified School District encompasses nearly 300 square miles and serves the ethnically diverse population of Morgan Hill, San Martin, portions of San Jose, and unincorporated areas of the county. We are comprised of 15 schools: ten elementary, two middle, one high school, a continuation high school, and a community adult school. MHUSD's multi-ethnic population includes over 9000 students and 1000 employees. The Board of Education continues to place a high priority on informing the community at large about its schools. Three new schools opened last school year: Barrett Elementary, a district school; Crossroads Baptist School, a private school; and the Charter School of Morgan Hill, a charter school funded by the state and private donations.

The City of Morgan Hill has made a large commitment to the arts and recreation. The Community and Cultural Center, constructed in December 2002 for \$13 million, features space for community members to create art and ceramics, to dance and exercise, and to meet. Part of this project included converting an historic church into a 199-seat theater with a 46-foot stage. In June of 2004, the \$8.7 million Aquatics Center was open to the public and features over 65,000 square feet of pool and pool deck space.

The Valley in which Morgan Hill is located is more than 4 miles wide and is surrounded by the Santa Cruz mountain range to the west, and the



CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET •

Founded in 1906, Morgan Hill is a general law city with a council-manager form of government. The four Councilmembers are elected in municipal elections to four-year terms. The Mayor is directly elected to serve a two-year term. In addition to the Council, the City Clerk and City Treasurer are also elected to four-year terms. The city has a volunteer Planning Commission, made up of seven members appointed by a majority vote of the Council to four-year terms. Other advisory boards include the Architecture and Site Review, Bicycle Advisory, Library, Mobile Home Rent Control, Parks and Recreation, Senior Advisory and Youth Advisory commissions.

	<u>2000</u>	<u>2010</u>	<u>% incr</u>
Population	32,122	38,800 ¹	21%
Households	12,430	15,440	24%
Employed	20,700	23,800	15%
Jobs	15,220	19,970	31%

Morgan Hill Unified School District	795
Anritsu	753
Abbott Laboratories	538
EDO Reconnaissance	336
Media Arts Group	260
Paramit Corporation	250
Fox Racing, USA	248
Educational Data Systems	218
City of Morgan Hill	180
Custom Chrome	173
Safeway Inc.	167
Ericsson RF	151
Metro One Telecommunications	147
Sun Valley Technical Repair	141
Target Store	140
Mervyns	138
North Coast Medical	134
Specialized Bicycle Components	122
Pacific Hills Manor	105
Mission Bell Mfg. Inc.	96
Alien Technology	95
Nob Hill Foods	92
Zeta	84

Incorporated:	1906
Population:	35,489
Households:	11,839
Median Household Income:	\$81,958
Persons per households:	3.021
Square Miles:	12
Elevation (above sea level):	320'
Average Rainfall:	22.28"
Average Tempature	
January: High	58.1
Low	46.4
July: High	81.5
Low	54.4
Retail sales tax:	8.25%
Public Schools:	15
Churches:	21
Libraries:	1
Newspapers/New Publications:	3

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Personnel levels have a direct effect on public services. The **Staffing** section shows staffing levels by function. Organization charts are provided in this section and in each departmental budget where applicable. **Departmental budgets** also include a description of the department's activities, current year highlights, goals for the coming fiscal year and performance measures. The sections for each department contains historical information on staffing and expenditures.

Included in the **Supplemental Information** section are various reports on the status of pilot programs implemented, and reports regarding important issues facing the City.

A complete copy of the Five Year Capital Improvement Plan (CIP) is included under the heading of **Capital Programs**. The five year document represents a plan of improvements, a detailed description of each project and the available funding sources.

BUDGET TIMELINE

The Budget is based upon an in-depth analysis of actual and projected fund balances, revenues, and expenditures. Each City department prepares line item detail for each of their activities and recommends certain service levels and activity goals for the upcoming budget year. The Finance Department prepares revenue projections based upon input from other departments. The City Manager then reviews individual departmental requests, prioritizes activities based upon City Council policy, and makes certain adjustments. At the conclusion of this process, the proposed budget is prepared and is submitted to the City Council for review.

The City of Morgan Hill has prepared a one-year budget for Fiscal Year 2004/05. Beginning in January 2004, each department was provided with a budget calendar, information packet and various Finance prepared data. Departments submitted

Budget Overview (continued)

proposed revenues and expenditures for the 2004/05 fiscal year based on certain service levels and activity goals. General government revenue projections were prepared by Finance. This process, overseen by the City Manager, was completed in May 2004. The City Manager's recommended budget was presented to the City Council on May 14, 2004. Following a Council workshop on May 21, 2004 and a public hearing on June 2, 2004, the fiscal year 2004/05 budget was adopted June 16, 2004.

BUDGET APPROPRIATIONS

Appropriations are the amounts approved for expenditure by the City Council with the adoption of the annual budget and subsequent budget amendments which are brought to the Council for their approval. Appropriations are separated by object categories within an activity budget. The object categories available are: 1) Employee Services; 2) Supplies and Services; 3) Capital Outlay; 4) Debt Service; 5) Internal Services; and 6) Transfers. The legal level of control is established as follows:

A Department Director has the authority to transfer between lines items within an activity to facilitate the functions of the activity in accordance with the directions, goals and policies of the City Council. The City Manager is authorized to transfer appropriations within an activity to facilitate the functions of that activity in accordance with the directions, goals and policies of the City Council.

A transfer of appropriations between activities requires City Council approval. Additional appropriations require City Council approval. New programs and new appropriations not anticipated during the budget process require City Council approval.

BUDGETARY CONTROL

Budgetary control is maintained through monthly reports of revenue and expenditure accounts. The detailed monthly reports are reviewed by the City Manager and each Department Director. The City Council is provided a summary report each month. The monthly report is reviewed by the Audit and Finance Committee. The Committee is composed of two Councilmembers and the City Treasurer. The Director of Finance serves as staff to the Committee.

A mid-year budget review and adjustment process is completed each January and submitted to the Council for review and approval in February. Budgetary adjustments are only considered within the framework of the adopted budget and the City Council directions, goals and policies. New programs and new appropriations are not considered as part of the mid-year budget review.

BUDGET AMENDMENTS

The budget as adopted by the City Council can be amended during the fiscal year. The need to amend or adjust the budget typically arises in response to unforeseen circumstances or events. For example, the Council is required to formally recognize the receipt of unanticipated revenue before the City can legally accept and spend new money. In other cases, a department may need to transfer funds to cover an unexpected shortfall in another account.

The City Manager is authorized to amend Council-approved appropriations at the activity level if, in the City Manager's opinion, such amendments are necessary and proper. The appropriation adjustment process consists of the following steps:

Budget Overview (continued)

- 1) An "Appropriation Request/Transfer Form" is prepared by the department.
- 2) The request is submitted to Finance Department for review
- 3) The request is submitted to the City Manager for approval
- 4) Once approved, the request is returned to Finance Department to make the necessary adjustments.
- 5) The department receives authorization to use the adjusted appropriations.

If the request involves more than one activity or fund, Council approval is required in addition to City Manager approval.

In August/September, staff also requests that the City Council "rebudget" prior year's unexpended appropriations primarily for capital projects. In addition, staff requests that the City Council take action on final budget amendments to the prior year to assure that prior year's expenditures are below prior year's Council approved budget appropriations.

BASIS OF ACCOUNTING

Governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds. These funds are accounted for using the modified accrual basis of accounting. Agency funds are also accounted for using the modified accrual basis.

Proprietary funds include Enterprise Funds and Internal Service Funds. These funds are accounted for using the accrual basis of accounting.

The budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP basis). The major difference

between the budgetary basis and GAAP basis is that year end encumbrances are recognized as the equivalent of expenditures on the budgetary basis in governmental funds, while encumbered amounts are not recognized as expenditures on the GAAP basis.

ALLOCATED COSTS

The City of Morgan Hill has seven internal service funds. These funds account for the costs of services provided to other City departments. Costs are allocated to user departments based on various factors such as square footage, personnel, number of computer workstations and historical trends.

In addition to Internal Service funds, the City of Morgan Hill allocates General Fund overhead to other funds/departments as General Administration Overhead charge. The total administrative charge for the budget year 2004/05 is \$1,793,581. These charges are based on services provided on the basis of General Fund departments and are allocated by estimated service levels and personnel.

Budget Administrative Policies - With the adoption of the annual budget, the City Council recognizes that the appropriations for the operating activities and capital budgets are based on estimates of municipal needs for the fiscal year. In order to establish reasonable flexibility in the administration of the budget, the following policies have been adopted. These policies are intended to provide the authority necessary for the City Manager and Department Directors to administer the budget during the fiscal year in accordance with City Council directions, goals and policies, and in light of varying conditions which may occur.

Budget Overview (continued)

DEBT OBLIGATIONS

Special assessment districts within the City have issued debt repayable by special assessments levied on property in each respective district. The City is under no legal obligation to repay the special assessment debt. However, the City is required to make advances or to be the purchaser of last resort for property on which delinquent assessments are unpaid for certain districts. The following schedule presents the outstanding debt on these districts as of June 30, 2005:

<u>District</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>04/05 Debt Services</u>	<u>Outstanding Principal</u>
Cochrane Bus Park	1986	2012	\$ 184,243	975,000
Joleen Way	1992	2009	31,000	100,000

Other bonds payable and certificates of participation (COP's) include sewer revenue bonds, a water facility loan and certificates of participation for water system improvement projects. The outstanding debt on these issues is as follows:

<u>District</u>	<u>Due Date</u>	<u>04/05 Debt Services</u>	<u>Outstanding Principal</u>
2002 SCRWA	2023	1,809,738	23,300,000
1993 Water Facilities	2017	31,000	1,301,964
1999 COP	2021	382,233	4,185,000

All principal and interest payments due on bonds, COP's and loans during Fiscal Year 2003/04 are included in the budget.

LEGAL DEBT LIMIT

Within the Comprehensive Annual Financial Report (CAFR), the City calculates its legal debt limit (the maximum amount of debt the City can issue) and compares it to the debt outstanding at the end of the year to produce the legal debt margin (the amount of debt the City can issue in future years). Currently, the City has no outstanding legal debt, and is within its legal debt margin of \$634,816,599.

Fiscal Policies

1. REVENUE

- A. The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation.
- B. The City will estimate revenues using an objective, analytical process; in the case of uncertainty, conservative projections will be utilized.
- C. The City will fund all current expenditures from current revenues and available fund balance, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- D. Development process costs and related administrative expenses will be offset by development fees.
- E. The City will identify basic tax-provided services and will establish user fees and charges for services provided in excess of basic services.
- F. City staff will provide monthly reports to the City Council which compare and analyze year-to-date actual revenues and expenditures to budget.

2. RESERVES & DESIGNATIONS

Purpose

- A. The City of Morgan Hill commits to target the minimum level necessary to maintain the City's credit worthiness and to adequately provide for economic uncertainties, local disasters or catastrophes, future debt or capital obligations, cash flow requirements and legal requirements.
- B. The City shall maintain unappropriated fund balance or working capital in the General Fund, Water and Sewer operating funds, Water and Sewer rate stabilization funds, Community Development Fund, and certain internal service funds.

Policy

- C. General Fund – As adopted at the City Council Policies & Goal Setting retreat on February 18, 2004:

General Fund Reserves may be used to support General Fund expenditures as long as:

- 1. Revenues and expenditures balance by June 30, 2008, and
- 2. Reserve levels are not depleted below 25% of revenues in any year with the following exception:
 - a. reserves below 25% may be invested in long term cost savings projects or high return economic development projects, and
 - b. reserves shall never be depleted below 10% of revenues which shall be maintained as an ongoing reserve for emergencies.

- D. Water and Sewer Operating Funds – The City shall make every effort to keep a minimum reserve level of 25% of the appropriated operating budget for each of these enterprise operating funds.
- E. Water and Sewer Rate Stabilization Funds – The City shall make every effort to keep a minimum reserve level for each of these funds equal to 20% of the annual estimated utility usage revenue accounted in for in the operating budget, in case of a temporary drop in customer demand.
- F. Community Development Fund – The City shall make every effort to keep a minimum reserve level of 30% of the appropriated operating budget for the Community Development Fund, in order to provide for those temporary periods when less development activity occurs and less revenue is collected by the City.

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- F. The City's independent auditors, in conjunction with their annual audit, will audit the cash and investment balances in conformance with generally accepted accounting principles.

L. Other reserves, such as for cash flow needs or anticipated costs for service enhancements, will be established each fiscal year as needed.

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- A. The City of Morgan Hill's Operating Budget will be developed on an annual basis. Appropriations for each year will be approved by the City Council.
- B. The City's Budget Document will include selected performance measures to better describe the workload of the different City programs, to gauge our effectiveness in providing services, and to ultimately be able to compare the City's overall performance with other like agencies.
- C. The City will avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.
- D. The legal level of control is established as follows: The Department Director has the authority to transfer between line items within an activity to facilitate the functions of the activity in accordance with the directions, goals and policies of the City Council. The City Manager is authorized to transfer appropriations within an activity budget to facilitate the functions of that activity in accordance with the directions, goals and policies of the City Council. A transfer of appropriations between activities, additional appropriations, new programs or new appropriations require the authorization of the City Council.
- E. Mid-year budget adjustment reports will be presented to Council in February of each fiscal year, if necessary.

additional appropriations, new programs or new appropriations require the authorization of the City Council.

E. Mid-year budget adjustment reports will be presented to Council in February of each fiscal year, if necessary.

DEBT - The City is currently developing its debt policy.

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Description of Funds

GENERAL FUND

The General Fund is a governmental fund used to account for the day-to-day operations of the City. All financial activity that is not required to be accounted for in another fund is included in the General Fund. Public safety, government administration, recreation, and park maintenance are funded from the General Fund.

General Fund (010)

The General Fund receives all general taxes, such as property taxes, sales taxes and transient occupancy taxes, licenses and permits, funding from other government agencies such as vehicle-in-lieu fees, fines and penalties, interest, rentals not specifically designated for another fund, and charges for current services.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes.

Street Maintenance Fund (202)

The Street Maintenance Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal gas tax and grant monies, and other monies that are to be used for the maintenance, repair, and design of streets. State gas tax funds are distributed to cities based on population from gas taxes collected at the point of sale. The use of gas tax funds is restricted to street expenditures by State and Federal legislation.

Public Safety Trust Funds (204/205)

The Public Safety Trust Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal grant monies that provide for the restoration of public safety services. The use of grant monies in this fund is legally restricted for the funding of public safety officers and/or supplies under the terms of the grants.

Community Development Fund (206)

The Community Development Fund is a special revenue fund used to account for the collection of planning, building, and engineering fees. The expenditures of these funds are restricted to the costs associated with processing building, engineering and planning applications.

General Plan Update Fund (207)

The General Plan Update Fund is a special revenue fund established to account for the costs of updating the General Plan. The update has been funded by transfers from various funds: General, Park Development Impact, Community Development, Redevelopment, Housing, Sewer, and Water. The expenditures are restricted to costs incurred for the General Plan update.

Community Center Fund (210)

The Community Center Fund was established to provide a vehicle for the accumulation of funds and future interest earnings to help offset the start up costs and costs of operation and maintenance for new community facilities.

CDBG/CDBG Revolving Loan Funds (215/216)

The Community Development Block Grant (CDBG) and CDBG Revolving Loan Funds are special revenue funds used to account for Federal low and moderate income housing program funds. These funds are restricted to low and moderate income housing uses.

Environmental Programs Fund (232)

The Solid Waste Management Fund is a special revenue fund established to account for the costs of developing and implementing waste reduction programs and administering the City's franchise agreement for solid waste. The revenues for this fund come from a portion of the franchise fees for garbage services and are restricted to the above uses.

Description of Funds (continued)

Other Special Revenue Funds

There are seven other small special revenue funds. The balances in these funds are restricted by law and/or ordinance. The funds include:

- **Asset Seizure (225)**
- **Lighting and Landscape (229)**
- **Mobile Home Park Rent Stabilization (234)**
- **Senior Housing Trust Fund (235)**
- **Housing Mitigation Fund (236)**
- **Employee Assistance Fund (240).**

The Senior Housing Trust Fund was established to account for the funds that were set aside to fund programs for elderly persons over the age of 55, while the Housing Mitigation Fund was established to provide for housing related programs and projects.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the financial resources to be used for acquisition and/or construction and/or maintenance of capital facilities. The funds are restricted by State law and/or City ordinance for specific uses. AB1600 restricts the collection and use of certain development impact fees. AB1600 (Government Code Sect. 66000-66003) indicates that there must be a reasonable relationship between the fee and the purpose for which it was charged. The following funds are the Capital Projects Funds:

Park Development Fund (301)

Park Development Impact Fund revenues are received from developers of properties. The funds may only be used for the design, development and construction of new parks within the City. (Fund is subject to the restrictions of AB1600.)

Park Maintenance/Development Fund (302)

Park Maintenance/Development Fund receives revenues from developers of properties and the funds may only be used for the maintenance and development of the City's parks.

Local Drainage Impact Fund (303)

Local Drainage Impact Fund revenues are received from developers of properties and the funds may only be used for the design and construction of new storm drains. (Fund is subject to the restrictions of AB1600.)

Local Drainage Fund (304)

Local Drainage Fund revenues are received from developers of properties and the funds may be used for the design, construction, and maintenance of storm drains.

Open Space Fund (306)

This is a new fund set up to account for open space fees collected from developers. These funds are to be expensed for open space expenditures.

Traffic Impact Fund (309)

Traffic Impact Fund revenues are received from developers if their projects have an adverse impact on traffic flows, streets, etc. The funds collected may be expended on new streets, traffic signals, and improvements of existing streets where they are impacted by new development. (Fund is subject to the restrictions of AB1600.)

Police Impact Fund (311)

Police Impact Fund revenues are derived from a fee charged to developers to cover the costs to construct public improvements for Police facilities needed as a result of new development. Expenditures may only be made for the future construction of the required new Police facilities or to reimburse the City for funds advanced to construct such facilities. (Fund is subject to the restrictions of AB1600.)

Fire Impact Fund (313)

Fire Impact Fund revenues are derived from a fee charged to developers to cover the costs to construct public improvements required for Fire facilities as a result of new development. Expenditures may only be made for the future construction of the required new Fire facilities or to reimburse the City for sums advanced to construct such facilities. (Fund is subject to the restrictions of AB1600.)

Description of Funds (continued)

Redevelopment Project Fund (317)

The Health and Safety Code of the State of California specifies the funds that Redevelopment Agencies are to use to account for the activity of an Agency. Redevelopment Project Fund accounts for the activities of the Redevelopment Agency capital projects, economic development, and the administrative costs of the Agency. Expenditures may be made from this fund only for the design, engineering, administration, construction and other costs associated with Redevelopment projects.

Redevelopment Housing Funds (327/328)

Redevelopment Housing Funds account for the 20% set-aside funds collected from property tax increment for housing programs. Expenditures may be made from this fund only for the design, engineering, administration, construction and other costs associated with Redevelopment housing projects.

Public Facilities Impact Funds (346/347)

Public Facilities Impact Fund revenues are derived from fees charged to developers to cover the costs to construct public improvements required as a result of new development. Expenditures may only be made for the future construction of the required new facilities or to reimburse the City for funds advanced to construct such facilities. (Fund 347 is subject to the restrictions of AB1600.)

Library Impact Fund (348)

Library Impact Fund revenues are derived from a fee charged to developers to cover the costs to construct library improvements required as a result of new development. Expenditures may only be made for the future construction of the required new library facilities or to reimburse the City for funds advanced to construct such facilities. (Fund is subject to the restrictions of AB1600.)

Undergrounding Fund (350)

Undergrounding Fund receives revenues from developers for the undergrounding of utilities in areas of new development. Expenditures may be made from these funds only for the design and construction associated with such undergrounding.

Community Center Impact Fund (360)

This is a new fund set up to collect revenues derived from a fee charged to developers to cover the costs to construct new community centers within Morgan Hill.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Assessment District Funds (527-551)

Assessment District funds are established to permit the City to sell bonds to provide the funds to construct improvements in new developments. Property assessments are collected from property owners within the assessment district for a proportional share of the improvements, and debt service payments for the bonds are made from the assessments collected. These funds are restricted by the bond covenants and agreements. These bonds are not a debt of the City.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer Operations Fund (640)

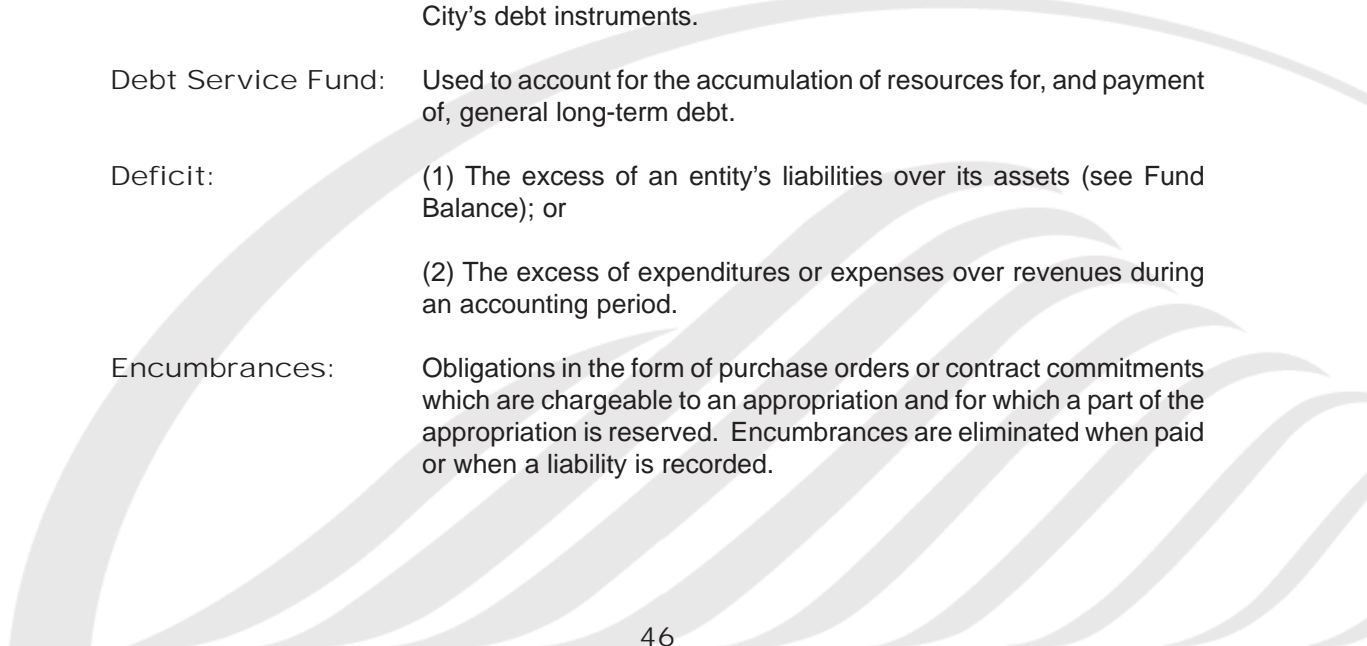
The Sewer Operations Fund receives revenues from user charges based on sewer usage. All expenditures for the operation of the sewer system including maintenance, and debt service are charged to the Sewer Operations Fund.

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Glossary of Budget & Financial Terms

Accounting System:	The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.
Appropriation:	An authorization made by the City Council which permits officials to incur obligations against and to make expenditures of governmental resources for a specific purpose within the budget year, July 1 through June 30.
Assessed Valuation:	The estimated value placed upon real and personal property by the County Assessor as the basis for levying property taxes.
Assets:	Property owned by the City which has monetary value.
Audit:	<p>A systematic examination of the City's financial records and processes concluding in a written report. It includes test of management's internal accounting controls and is intended to:</p> <ul style="list-style-type: none">- ascertain whether financial statements fairly present financial positions and results of operations;- test whether transactions have been legally performed; and- identify areas for possible improvements in accounting practices and procedures.
Balance Sheet:	A statement presenting the financial position of an entity by disclosing its assets, liabilities, and fund equities as of a specific date.
Bond (Debt Instrument):	A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.
Budget (Operating):	A plan of financial operation listing an estimate of proposed expenditures (appropriations) for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates).
Budget Calendar:	The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.
Budget Message:	A discussion of the proposed budget presented by the City Manager in writing as a part of, or supplement to, the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made.
Capital Assets:	Assets of significant value and having a useful life of more than one year. Capital assets are also called fixed assets.

[illegible]

	City's debt instruments.
Debt Service Fund:	Used to account for the accumulation of resources for, and payment of, general long-term debt.
Deficit:	(1) The excess of an entity's liabilities over its assets (see Fund Balance); or (2) The excess of expenditures or expenses over revenues during an accounting period.
Encumbrances:	Obligations in the form of purchase orders or contract commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are eliminated when paid or when a liability is recorded.

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Glossary (continued)

Enterprise Fund:	Separate fund used to account for government operations that are financed and operated in a manner similar to business enterprises. These programs are entirely or predominantly self-supporting. Examples of Enterprise Funds are those used for sewer and water systems.
Expenditures:	The payment against an appropriation for goods received or services rendered.
Fiscal Year:	The twelve-month period beginning July 1st and ending the following June 30 th .
Fund:	An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.
Fund Balance:	The excess of an entity's assets over its liabilities representing the cumulative effect of revenues and other resources over expenditures and other uses.
General Fund:	The fund supported by taxes, fees, and other revenues that may be used for any lawful purpose. The general fund accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for the general operating programs of the City.
General Obligation Bonds:	When the City pledges its full faith and credit to repayment of the bonds it issues, then those bonds are general obligation (G.O.) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues. In California, G.O. bonds issued after 1977 must be authorized by public referenda with two-thirds voter approval.
Infrastructure:	All City owned facilities supporting the operation of the governmental unit. It includes: streets, roads, bridges, curbs and gutters, parks, water and sewer lines, storm drains, water pump stations and reservoirs, water wells, sewer lift stations, all government buildings and related facilities.
Intergovernmental Grant:	A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal Governments. Grants are usually made for specified purposes.
Internal Service Fund:	Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City.

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Special Revenue Fund:	Separate fund used to account for the proceeds of special revenue sources that are restricted by law (or administrative action) to expenditures for specific purposes.
Unit Cost:	The cost required to produce a specific product or unit of service (e.g., the cost to purify one thousand gallons of water).
User Charges:	The payment of a fee for direct receipt of a public service by the party benefitting from the service.
Yield:	The rate earned on an investment based on the price paid.

City Budget & Appropriations Limit (continued)

City of Morgan Hill
Resolution No. 5814
Page 2

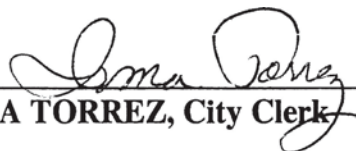
• CERTIFICATION •

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5814 adopted by the City Council at a Regular Meeting held on June 16, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL

DATE:

June 18, 2004


IRMA TORREZ, City Clerk

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET •

**CITY OF MORGAN HILL
SPENDING LIMIT CALCULATION
FISCAL YEAR 2004/05**

APPROPRIATIONS SUBJECT TO LIMIT

Fiscal Year 2004-05 General Fund Revenues	\$16,839,953
Less Non Proceeds of Tax	5,078,337
Total appropriations subject to limits	\$11,761,616

APPROPRIATIONS LIMIT

Fiscal year 2003-04 appropriations limit	\$51,859,586
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Plus Change Factor:

A. Cost of living adjustment - CPI	1.0328
B. Population Adjustment	1.0216

Total Change Factor	1.05510848
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Increase in appropriations limit	2,857,903
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FISCAL YEAR 2004-05 APPROPRIATIONS LIMIT

Remaining appropriations capacity	42,955,873
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Available capacity as a percent of appropriations limit	79%
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NOTES

- a. Cost of Living adjustment is based on percentage change in California per capita income.
- b. Population adjustment is based on the greater of annual population change for the City of Morgan Hill or Santa Clara County.

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

**CITY OF MORGAN HILL
SPENDING LIMIT CALCULATION
FISCAL YEAR 2004/05**

REVENUE SOURCE	PROCEEDS		TOTALS
	OF TAX	OF TAX	
Property Tax	\$2,499,410		2,499,410
Sales Tax	4,738,510		4,738,510
Transient Occupancy Tax	945,000		945,000
Franchise Revenue	965,000		965,000
Property Transfer Tax	367,500		367,500
Business License / Other Permits	201,720		201,720
Motor Vehicle in Lieu	2,044,476		2,044,476
Fines and Penalties		47,000	47,000
Use of Money and Property		819,261	819,261
Other Revenue / Other Agencies		\$272,700	272,700
Police and Fire Fees		127,900	127,900
Current Service Charges General Govt.		3,408,376	3,408,376
Transfers		403,100	403,100
Total	\$11,761,616	\$5,078,337	\$16,839,953
Percentage of Total	70%	30%	100.00%

Adoption of the RDA Budget

RESOLUTION NO. MHRA-251

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL ADOPTING THE 2004/05 ANNUAL AGENCY BUDGET

WHEREAS, the Redevelopment Agency of the City of Morgan Hill Budget for the 2004/05 fiscal year was prepared by Redevelopment Agency and City staff and was reviewed by the City Manager/Executive Director;

WHEREAS, the Redevelopment Agency of the City of Morgan Hill Budget for the 2004/05 fiscal year was presented to the City Council on May 19, 2004, was reviewed at a Public Workshop on May 21, 2004, was further reviewed at a Public Hearing on June 2, 2004;

WHEREAS, modifications and amendments to the adopted 2004/05 Redevelopment Agency of the City of Morgan Hill Budget can only be made in accordance with the "Budget Administrative Policies" described in the Proposed Budget;

NOW, THEREFORE, the Redevelopment Agency Board finds that planning and administrative costs attributable to the Housing 20% Set-Aside fund are necessary and proportionate to amounts proposed for actual housing activities during the fiscal year; and

NOW, THEREFORE, BE IT RESOLVED that the Agency Board of the Redevelopment Agency of the City of Morgan Hill does hereby approve and adopt the Redevelopment Agency of the City of Morgan Hill 2004/05 Budget.

PASSED AND ADOPTED by the Morgan Hill Redevelopment Agency at a Special Meeting held on the 16th day of June, 2004 by the following vote:

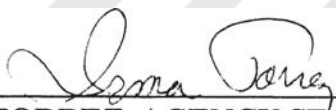
AYES:	AGENCY MEMBERS:	Larry Carr, Hedy Chang, Dennis Kennedy, Greg Sellers, Steve Tate
NOES:	AGENCY MEMBERS:	None
ABSENT:	AGENCY MEMBERS:	None
ABSTAIN:	AGENCY MEMBERS:	None

• CERTIFICATION •

I, IRMA TORREZ, AGENCY SECRETARY, do hereby certify that the foregoing is a true and correct copy of Resolution No. MHRA-251 adopted by the Morgan Hill Redevelopment Agency at the Special Meeting of June 16, 2004

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL

DATE: June 18, 2004


IRMA TORREZ, AGENCY SECRETARY

Budget Summary

Combined Statement of All Funds

Fund Balance Projections

General Fund Balance Chart

Revenue Charts

Revenue Assumptions

Summary of Revenues & Transfers In

Expenditure Charts

Summary of Expenditures and

Transfers Out

Interfund Transfers

Cost Allocation

Comparison of Municipalities

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET •

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CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

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Fund Balance Projection (FY 04/05)

Fund Description	04/05 Fund Bal 07/01/04	04/05 Projected Revenue	04/05 Projected Transfer In	04/05 Projected Transfer Out	04/05 Projected Expenditure	04/05 Projected Bal 06/30/05
General Fund						
010 General Fund Undesignated	6,200,100	16,436,853	403,100	99,025	18,666,283	3,787,104
General Fund Reserve	3,621,572	-	-	-	-	4,109,213
Subtotal	9,821,672	16,436,853	403,100	99,025	18,666,283	7,896,317
Special Revenue Funds						
202 Street Maintenance	1,637,778	703,635	700,000	-	1,719,236	1,322,177
204/205 Public Safety Trust	320,411	106,103	-	175,000	520	250,994
206 Community Development	1,213,445	2,737,309	-	-	3,221,845	728,909
207 General Plan	112,313	80,154	-	-	60,498	131,969
210 Community Centers	98,997	2,119	50,000	-	-	151,116
215 HCD	-	166,440	-	15,000	151,440	-
216 HCD Rehab	111,919	9,648	-	-	121,567	-
220 Museum	-	-	-	-	-	-
225 Asset Seizure	46,691	1,020	-	-	-	47,711
229 Light & Landscape	10,021	130,766	-	-	140,038	749
232 Environmental Programs	582,251	399,491	-	148,100	269,837	563,805
234 Mobile Home Park Rent	20,147	5,148	-	-	5,202	20,093
235 Senior Housing Trust	259,576	5,501	-	-	20,180	244,897
236 Housing Mitigation	1,059,672	12,031	-	-	1,015,000	56,703
240 Employee Assistance	79,731	29,059	-	-	25,000	83,790
Subtotal	5,552,952	4,388,424	750,000	338,100	6,750,363	3,602,913
Capital Project Funds						
301 Park Development	3,680,596	578,596	-	-	2,062,944	2,196,248
302 Park Maintenance	3,009,140	254,863	-	125,000	25,000	3,114,003
303 Local Drainage	2,895,418	243,292	-	-	2,001,536	1,137,174
304 Local Drainage/Non AB 1600	3,198,265	146,377	-	-	841,669	2,502,973
305 Off Street Parking	-	-	-	-	-	-
306 Open Space	616,588	165,125	-	-	-	781,713
309 Traffic Impact	2,882,119	651,916	-	-	1,050,000	2,484,035
311 Police Impact	60,150	39,568	-	-	88,937	10,781
313 Fire Impact	2,271,193	138,417	-	-	101,380	2,308,230
317 RDA	471,145	17,297,308	-	-	14,342,563	3,425,890
327/328 Housing/Rehab Loan	3,722,649	4,849,727	-	-	5,824,189	2,748,187
340 MH Bus Ranch AD CIP	49,044	1,069	-	-	-	50,113
342 MH Bus Ranch II AD CIP	55,078	1,201	-	-	-	56,279
346 Public Fac/Non AB 1600	611,457	629,137	-	-	553,000	687,594
347 Public Facilities Impact	1,076,762	74,737	-	-	1,365	1,150,134
348 Library Impact	481,168	526,000	-	-	1,000,202	6,966
350 Undergrounding	1,146,353	242,742	-	-	375,390	1,013,705
360 Community Center Impact	9,919	44,399	-	-	50,000	4,318
Subtotal	26,237,044	25,884,474	-	125,000	28,318,175	23,678,343
Debt Service Funds						
536 Encino Hills AD	69,087	1,495	-	-	-	70,582
539 MH Business Park AD	12,051	250	-	-	-	12,301
542 Sutter Business Park AD	25,299	552	-	-	-	25,851
545 Cochrane Bus Park AD	191,121	279,134	-	-	194,200	276,055
551 Joleen Way AD	6,466	41,235	-	-	39,561	8,140
Subtotal	304,024	322,666	-	-	233,761	392,929

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

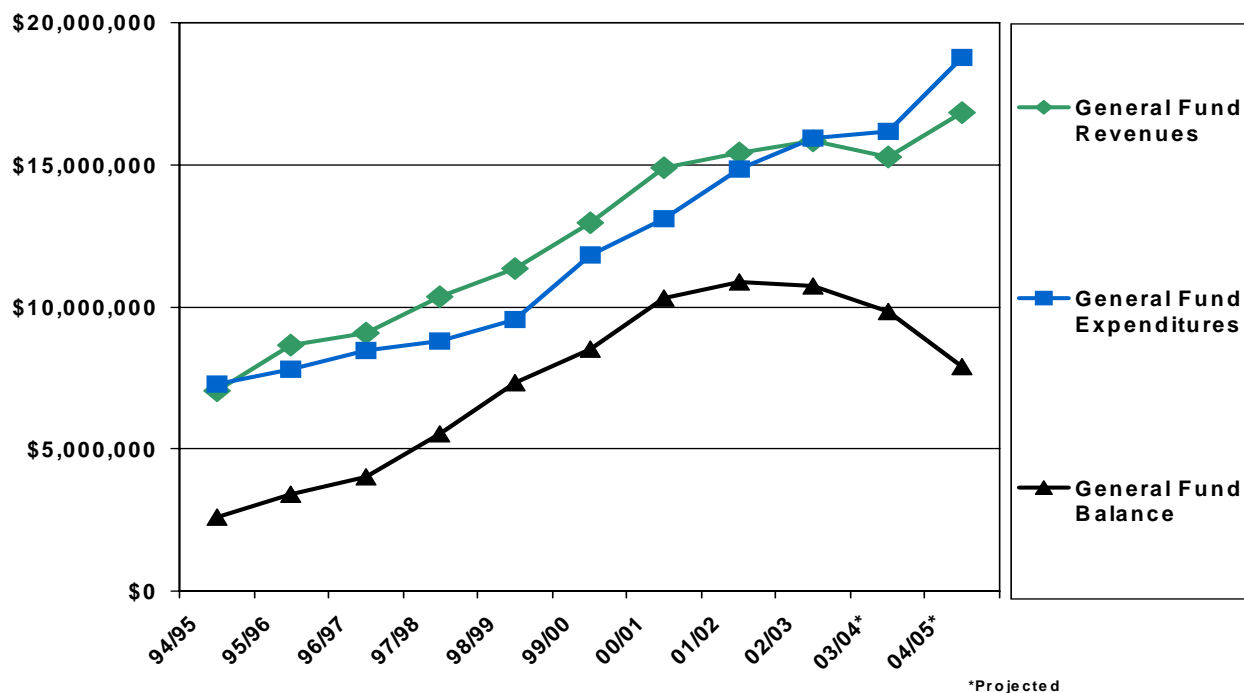
		03/04	03/04	03/04	03/04	03/04	03/04
Fund Description		Fund Bal 07/01/03	Projected Revenue	Projected Transfer In	Projected Transfer Out	Projected Expenditure	Projected Bal 06/30/04
Enterprise Funds							
640	Sewer Operations	5,065,218	5,549,365	-	923,285	6,142,980	3,548,318
641	Sewer Impact	4,565,587	2,187,495	-	-	1,192,640	5,560,442
642	Sewer Rate Stabilization	3,804,228	59,363	-	-	2,369	3,861,222
643	Sewer Capital Projects	2,978,620	44,314	500,000	-	1,533,928	1,989,006
650	Water Operations	2,572,587	6,319,674	1,045,785	2,427,500	6,759,805	750,741
651	Water Impact	(114,883)	409,450	2,405,199	-	2,652,299	47,467
652	Water Rate Stablization	867,428	8,686	-	850,000	551	25,563
653	Water Capital Projects	3,857,481	446,819	-	415,199	2,596,478	1,292,623
	Subtotal	23,596,266	15,025,166	3,950,984	4,615,984	20,881,050	17,075,382
Internal Service Funds							
730	Information Systems	383,965	220,864	35,250	-	220,864	419,215
740	Building Maintenance	397,457	891,042	-	54,000	441,931	792,568
745	CIP Administration	41,159	1,372,283	-	-	1,372,283	41,159
760	Unemployment Insurance	47,278	29,452	-	-	30,000	46,730
770	Worker's Compensation	6,147	694,576	-	-	698,897	1,826
790	Equipment Replacement	2,825,938	248,663	-	-	43,758	3,030,843
795	General Liability Insurance	856,668	388,116	-	-	380,772	864,012
	Subtotal	4,558,612	3,844,996	35,250	54,000	3,188,505	5,196,353
Agency Funds							
841	MH Business Ranch I AD	1,071,585	1,273,303	-	1,020,671	1,324,217	-
842	MH Business Ranch II AD	47,727	118,932	-	96,912	69,747	-
843	MH Business Ranch 98 AD	605,665	867,292	-	-	872,771	600,186
844	MH Ranch Reassessment 2004	-	453	1,117,583	-	589,424	528,612
845	Madrone Bus Park - Exempt	512,205	794,392	-	-	809,415	497,182
846	Madrone Bus Park - Taxable	102,475	166,770	-	-	172,288	96,957
848	Tennant Ave Business Park	360,919	66,725	-	-	-	427,644
881	Police Donation Trust	20,939	327	-	-	-	21,266
	Subtotal	2,721,515	3,288,194	1,117,583	1,117,583	3,837,862	2,171,847
TOTAL - ALL FUNDS		96,208,944	73,843,641	9,169,736	9,169,736	103,693,311	66,359,274

Fund Balance (FY 04/05 Continued)

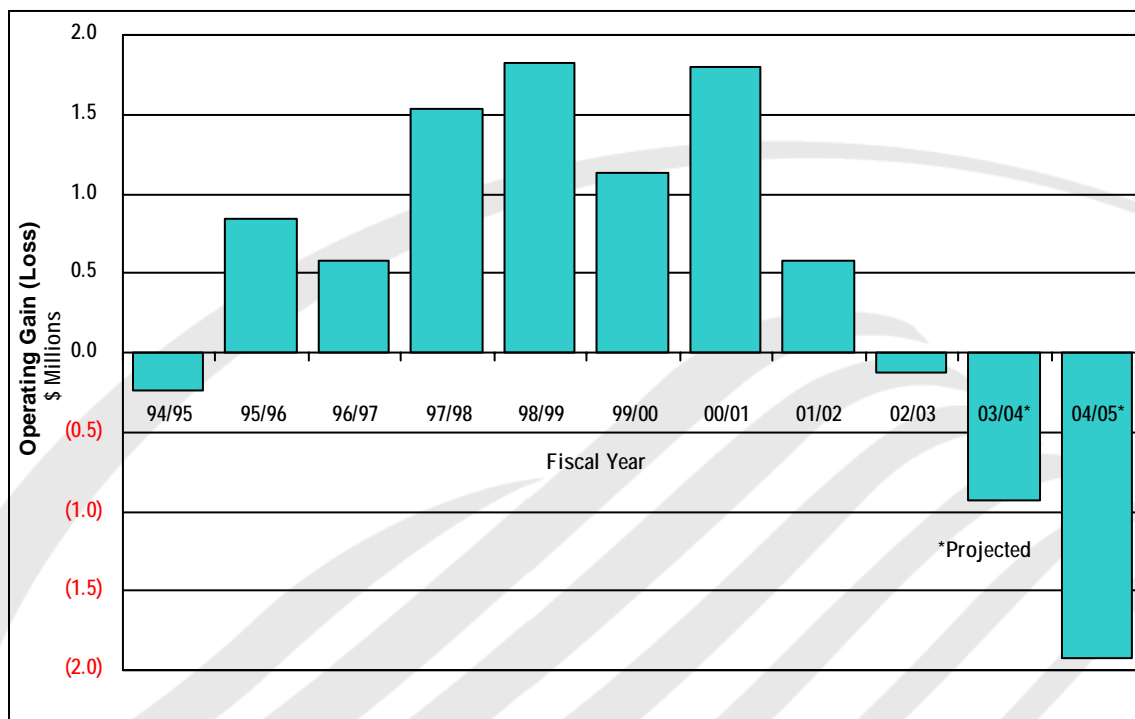
Fund Description	04/05 Fund Bal 07/01/04	04/05 Projected Revenue	04/05 Projected Transfer In	04/05 Adopted Transfer Out	04/05 Adopted Expenditure	04/05 Projected Bal 06/30/05
Enterprise Funds						
640 Sewer Operations	3,548,318	5,628,937	-	220,000	6,230,819	2,726,436
641 Sewer Impact	5,560,442	1,194,826	-	-	2,926,745	3,828,523
642 Sewer Rate Stabilization	3,861,222	84,161	-	-	2,117	3,943,266
643 Sewer Capital Projects	1,989,006	36,527	-	-	1,102,539	922,994
650 Water Operations	750,741	6,157,911	2,500,000	420,000	7,292,417	1,696,235
651 Water Impact	47,467	5,200,000	-	2,500,000	345,226	2,402,241
652 Water Rate Stabilization	25,563	445	-	-	493	25,515
653 Water Capital Projects	1,292,623	1,016,646	-	-	1,115,923	1,193,346
Subtotal	17,075,382	19,319,453	2,500,000	3,140,000	19,016,279	16,738,556
Internal Service Funds						
730 Information Systems	419,215	230,970	49,025	-	430,970	268,240
740 Building Maintenance	792,568	1,652,610	-	-	1,343,445	1,101,733
745 CIP Administration	41,159	1,395,765	-	-	1,395,765	41,159
760 Unemployment Insurance	46,730	60,484	-	-	55,000	52,214
770 Worker's Compensation	1,826	875,300	-	-	767,200	109,926
790 Equipment Replacement	3,030,843	373,009	-	-	187,240	3,216,612
795 General Liability Insurance	864,012	453,709	-	-	427,700	890,021
Subtotal	5,196,353	5,041,847	49,025	-	4,607,320	5,679,905
Agency Funds						
841 MH Business Ranch I AD	-	-	-	-	-	-
842 MH Business Ranch II AD	-	-	-	-	-	-
843 MH Business Ranch 98 AD	600,186	905,353	-	-	893,395	612,144
844 MH Ranch Reassessment 2004	528,612	619,142	-	-	598,873	548,881
845 Madrone Bus Park - Exempt	497,182	826,553	-	-	800,730	523,005
846 Madrone Bus Park - Taxable	96,957	179,459	-	-	175,480	100,936
848 Tennant Ave Business Park	427,644	37,993	-	-	-	465,637
881 Police Donation Trust	21,266	465	-	-	-	21,731
Subtotal	2,171,847	2,568,965	-	-	2,468,478	2,272,334
TOTAL - ALL FUNDS	66,359,274	73,962,682	3,702,125	3,702,125	80,060,659	60,261,297

General Fund Balance Chart

General Fund Balance Growth



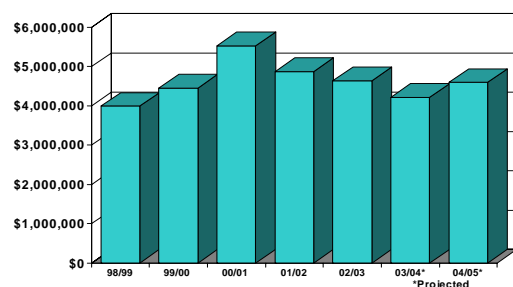
General Fund Balance Gain (Loss)



Major Revenue Assumptions

FY 2004/05 revenues for the General Fund, including transfers in, are estimated to be \$16,839,953. This represents a 10% increase over FY 2003/04 year-end projected revenues. The double-digit increase is primarily related to the inclusion for the first time of a full year of Aquatics Center revenues. By excluding the \$1.1 million in revenue related to these causes, revenues would instead increase by 3.8%. In general, the 2004/05 Budget estimates reflect very modest growth for most General Fund revenues, as we expect that the economy will recover slowly beginning in the next fiscal year.

Sales Tax

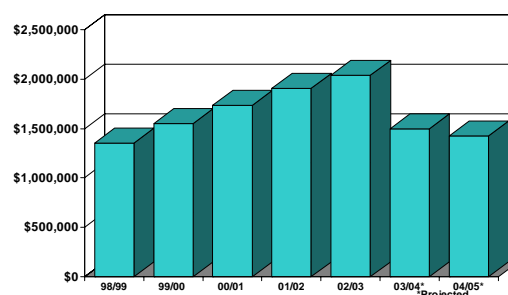


The sales tax is imposed on retailers for selling tangible personal property in California. The use tax is imposed on the user of a product purchased out-of-state and delivered for use in California. The sales and use tax rate for Santa Clara County is 8.25% and is broken down as follows:

- 5.00% State General Fund
- 1.00% City Local Tax
- .25% Countywide Transportation Tax
- .50% County Mental Health
- .50% Public Safety Augmentation Fund (Prop 172)
- 1.00% County Tax (1996 Measure B and 2000 Measure A)
- 8.25% Total Rate

The sales and use tax represents Morgan Hill's single largest revenue source at \$4,600,000 or 27% of total General Fund revenues projected for FY 04/05. Sales taxes declined by 9% in 2003/04 to a level of \$4.2 million, or 24% less than the peak of \$5.5 million in 2000/01. However, primarily due to new businesses and modest economic growth, we are forecasting growth of 9% in 2004/05.

Vehicle License Fee



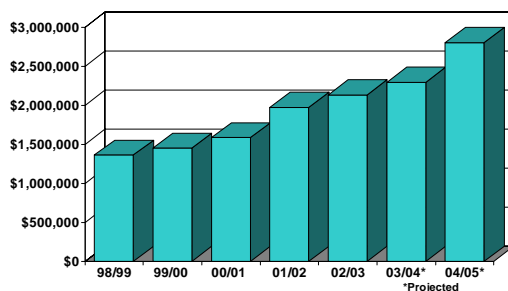
The motor vehicle license fee (VLF) is a fee charged for operating that vehicle on public streets. This fee is collected by the Department of Motor Vehicles and disbursed to other governmental agencies by the State Controller. VLF is based on a fee equivalent to 2% of the market value (based on an 11-year depreciation schedule) of motor vehicles, which is imposed annually by the State "in-lieu" of property tax. Cities and counties receive 81.25% of this revenue based on population.

Legislation was passed in 1998 reducing the VLF obligation for car owners by 25% in 2001 and another 35% in 2002. As a result of the reductions, cities and counties would have experienced a significant revenue loss. However, legislation was also passed to provide a backfill from the State as long as the actual State General Fund revenues come within certain targets. However, a \$600,000 drop in 2003/04 VLF receipts was caused by the State's elimination of the backfill for a period of 3 months.

Major Revenue Assumptions

The Adopted 2004/05 Budget projects an alternative \$357,000 drop in tax revenues associated with the current State proposal to shift \$733,466 in ongoing annual City Motor Vehicle-in-Lieu fee backfill revenue to City property tax revenue and then to reduce property taxes by \$357,000 in each of the next two fiscal years. VLF continue to represent the General Fund's third largest revenue source at \$1,423,800 for FY 04/05, or 8.5% of the City's total General Fund revenue.

Property Tax

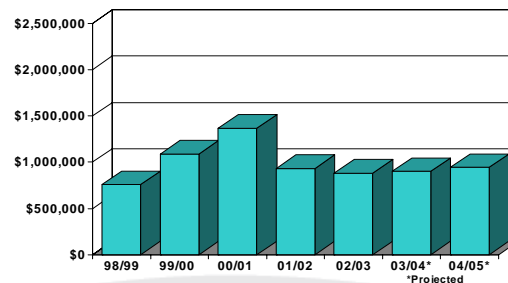


Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (movable property) located within the State, based on the property value rather than on a fixed amount or benefit. Properties are distinguished as secured and unsecured (property for which the value of the lien is not sufficient to assure payment of the tax). Article XIII A of the State Constitution limits the real property tax rate to 1% of the property's assessed value plus rates imposed to fund indebtedness approved by the voters. Morgan Hill's share of the 1% is equivalent to 15 cents for every \$1.00 collected from property taxes. With the passage of Prop 13 in 1978, assessed valuations are limited to a 2% increase each year.

Despite the slow economy, property values have continued to rise resulting in property tax growth. Due to historic low mortgage interest rates, sales of new homes or property turnover

(which trigger reassessments) have remained strong this past year. Property tax represents the General Fund's second largest revenue source projected at \$2,196,496 or 17% of the total General Fund revenue for FY 04/05. Assessment Roll Growth increased in FY 03/04 by 8.5% compared to FY 02/03. The median home price in Morgan Hill increased by 4% in calendar 2003. Included in the total projected property tax revenue are the supplemental taxes and homeowners' tax exemption revenues (every homeowner is allowed \$7,000 of assessed value exempt from property tax). The homeowners' exemption is made up by State subvention. In addition, a property transfer tax based on 55 cents for every \$500 of market value is collected by Santa Clara County at the time of the property transfer. Total property transfer tax collections are evenly split between the City and County.

TOT



The transient occupancy tax (TOT) is imposed on persons staying 30 days or less in a hotel, inn, motel, tourist home or other lodging facility. The City's current rate is 10.0%. TOT revenue is projected at \$945,000 for FY 04/05, which represents 6% of the total General Fund revenue. When the economy started to decline in early 2001, business travel and tourism also declined. The downward trend was exacerbated by the 9-11 event. Current year's trend indicates TOT revenue is still lagging behind FY 00/01 collections by 34%. Growth of 5% is projected in TOT revenue for the coming year.

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Revenues & Transfers In (continued)

City of Morgan Hill Summary of Revenues & Transfers In		FY 01/02	FY 02/03	FY 03/04 Current Budget	FY 03/04 Projected Year-End	FY 04/05 Projected Budget
		Actual	Actual			
Special Revenue Funds						
	Gas Tax 2105-2107/Prop.111/FAU	666,436	660,202	653,400	673,286	674,000
	Measure A & B Sales Tax	-	-	-	-	-
	TEA 21	-	-	-	-	-
	Transfers-In - General	270,000	377,000	-	-	-
	Transfers-In - Sewer	160,000	200,000	200,000	200,000	200,000
	Transfers-In - Water	350,000	400,000	400,000	400,000	400,000
	Transfers-In - Other Funds	-	-	125,000	125,000	100,000
	Interest Income	86,036	49,852	12,361	20,735	29,635
	Other Revenue	533,490	240,738	2,500	464,617	0
202	Street Maintenance	2,065,962	1,927,792	1,393,261	1,883,638	1,403,635
	Interest Income	35,320	21,141	9,956	8,642	6,103
	Police Grants	212,175	138,639	100,000	100,000	100,000
	Transfers In - General Fund	-	-	834	-	-
204(5)	Public Safety Trust	247,495	159,780	110,790	108,642	106,103
	Planning	270,727	482,046	616,496	468,883	791,621
	Building	977,494	1,452,407	1,100,500	1,619,300	1,403,000
	Eng/Plan Checking & Inspection	545,382	547,535	470,000	470,000	470,000
	Other Revenue	194,330	123,365	59,363	102,928	72,688
	Transfers in - GF/RDA/Housing	150,703	-	55,486	55,486	-
206	Community Development	2,138,636	2,605,352	2,301,845	2,716,597	2,737,309
	Interest Income	4,621	5,470	1,387	3,282	2,904
	Other Charges Current Services	31,244	52,284	74,700	75,000	77,250
	Transfers In	-	66,582	-	-	-
207	General Plan Update	35,865	124,336	76,087	78,282	80,154
210	Community Centers	229,182	125,861	6,198	3,840	52,119
215	HCD	109,883	84,833	152,000	299,264	166,440
216	HCD Rehab	4,615	20,084	4,682	8,263	9,648
220	Museum	177	85	41	10	-
225	Asset Seizure	26,434	1,529	583	8,595	1,020
226	OES/FEMA	8,749	-	-	-	-
229	Light & Landscape	111,687	133,285	127,770	130,260	130,766
230	Govt Public Access	-	-	-	-	-
232	Environmental Programs	409,640	417,555	387,209	396,756	399,491
234	MHP Rent Stabilization	62,642	18,033	306,298	350,000	5,148
235	Mobile Home Park Rent	29,751	19,487	6,897	3,966	5,501
236	Senior Housing Trust	1,028,510	35,297	27,775	31,366	12,031
240	Employee Assistance	-	55,483	20,162	90,811	29,059
Total Special Revenue Funds		6,509,227	5,728,792	4,921,598	6,110,290	5,138,424

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

Debt Service Funds					
527	Hidden Creek AD	-	-	-	-
533	Dunne/Condit AD	-	-	-	-
536	Encino Hills AD	2,297	2,256	1,631	1,495
539	MH Business Park AD	(181)	381	447	250
542	Sutter Business Park AD	243	831	730	552
545	Cochrane Bus Park AD	286,938	243,155	119,887	279,134
551	Joleen Way AD	36,177	33,660	34,955	41,235
Total Debt Service Funds		325,474	280,283	157,650	322,666

Revenues & Transfers In (continued)

City of Morgan Hill
Summary of Revenues & Transfers In

FY 01/02
Actual

FY 02/03
Actual

FY 03/04
Current
Budget

FY 03/04
Projected
Year-End

FY 04/05
Projected
Budget

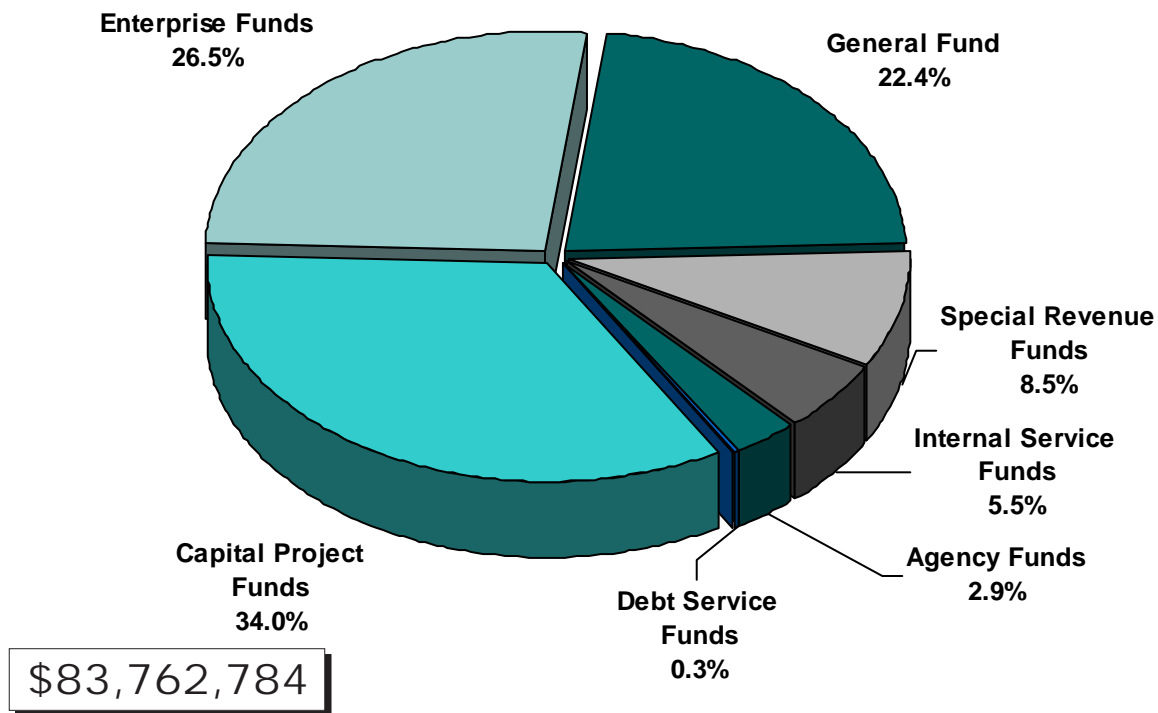
Enterprise Funds					
	Sewer Service Fees	-	-	-	-
	Front Footage/Offsite	-	4,434	2,000	1,000
	Interest Income	326,507	197,028	51,960	93,933
	Other Sewer/Transfers	5,551,378	5,228,106	5,433,410	5,454,432
640	Sewer Operations	5,877,885	5,429,568	5,487,370	5,549,365
	Interest Income	224,178	182,445	26,580	86,695
	Connection Fees	1,532,237	752,553	600,000	2,100,000
	Other Revenue	792	792	-	800
641	Sewer Impact	1,757,207	935,790	626,580	2,187,495
	Reimbursement of Expenses	312,609	214,042	-	-
	Interest Income	121,986	122,890	89,558	59,363
642	Sewer Rate Stabilization	434,595	336,933	89,558	59,363
	Interest Income	135,327	112,846	25,416	44,314
	Transfers	500,000	500,000	500,000	500,000
643	Sewer Capital Projects	635,327	612,846	525,416	544,314
	Combined Sewer Funds	8,705,014	7,315,136	6,728,924	8,340,537
	Water Sales	5,615,035	5,695,637	5,738,350	5,752,594
	Meter Install & Service	-	2,708	1,800	540
	Transfers-In	175,543	173,877	1,045,785	1,045,785
	Interest Income	227,196	145,119	12,084	69,176
	Other Water	329,869	486,649	275,700	497,364
650	Water Operations	6,347,644	6,503,990	7,073,719	7,365,459
	Water Connection Fees	204,296	159,542	160,000	400,000
	Interest Income	39,083	15,206	1,803	950
	Other Revenue	-	463,324	500,000	2,413,699
651	Water Impact	243,378	638,071	661,803	2,814,649
	Interest Income	30,943	28,949	20,517	8,686
652	Water Rate Stabilization	30,943	28,949	20,517	8,686
	Interest Income	92,688	129,129	402,395	59,795
	Transfers In - Water Operations	2,350,000	1,200,000	-	-
	Other Water Capital Projects	-	-	-	387,024
653	Water Capital Projects	2,442,688	1,329,129	402,395	446,819
	Combined Water Funds	9,064,653	8,500,139	8,158,434	10,635,613
Total Enterprise Funds		17,769,667	15,815,275	14,887,358	18,976,150

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

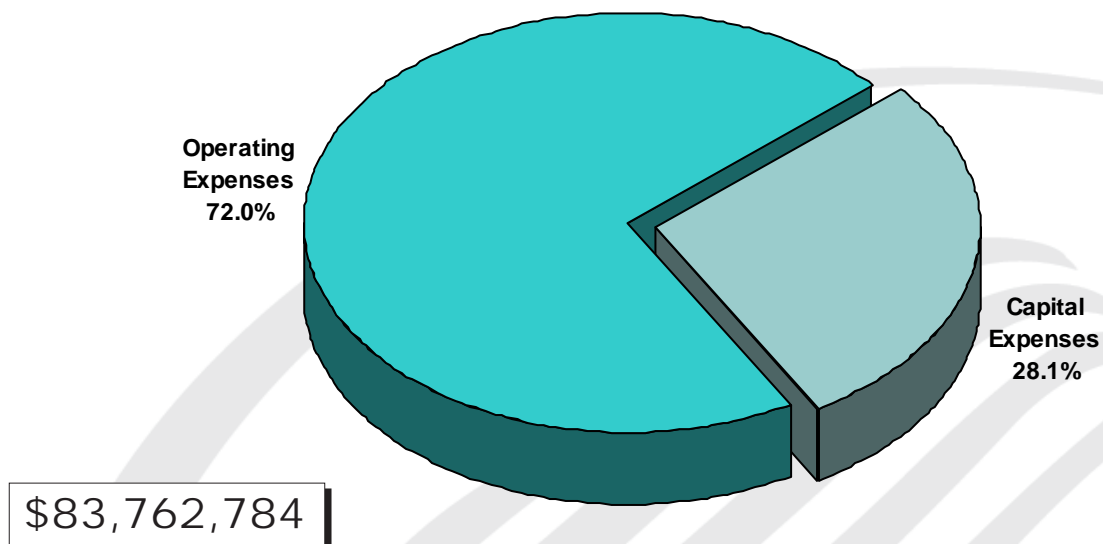
City of Morgan Hill		FY 01/02	FY 02/03	FY 03/04	FY 03/04	FY 04/05
Summary of Revenues & Transfers In		Actual	Actual	Current Budget	Projected Year-End	Projected Budget
Internal Service Funds						
710	Human Resources	-	-	-	-	-
720	Finance	-	-	-	-	-
730	Information Systems	505,168	369,906	245,262	256,114	279,995
740	Building Maintenance	596,209	737,741	891,042	891,042	1,652,610
745	CIP Administration	1,027,484	1,168,432	1,447,120	1,372,283	1,395,765
755	City Legal Defense	-	-	-	-	-
760	Unemployment Insurance	934	970	29,452	29,452	60,484
770	Worker's Compensation	425,536	452,213	687,700	694,576	875,300
790	Equipment Replacement	523,640	514,115	268,313	248,663	373,009
795	General Liability Insurance	372,063	426,722	389,927	388,116	453,709
Total Internal Service Funds		3,451,034	3,670,099	3,958,816	3,880,246	5,090,872
Agency Funds						
841	MH Business Ranch I AD	794,956	764,692	736,175	1,273,303	-
842	MH Business Ranch II AD	99,899	44,316	37,177	118,932	-
843	MH Business Ranch 98 AD	925,478	919,608	883,205	867,292	905,353
844	MH Ranch Reassessment 2004	-	-	-	1,118,036	619,142
845	Madrone Bus Park - Exempt	923,226	798,538	807,439	794,392	826,553
846	Madrone Bus Park - Taxable	151,334	209,379	167,254	166,770	179,459
848	Tennant Ave Business Park	413,470	41,904	39,523	66,725	37,993
881	Police Donation Trust	829	699	245	327	465
Total Agency Funds		3,309,191	2,779,136	2,671,018	4,405,777	2,568,965
TOTAL ALL FUNDS		69,075,206	68,285,875	82,202,230	83,013,377	77,664,807

Expenditures

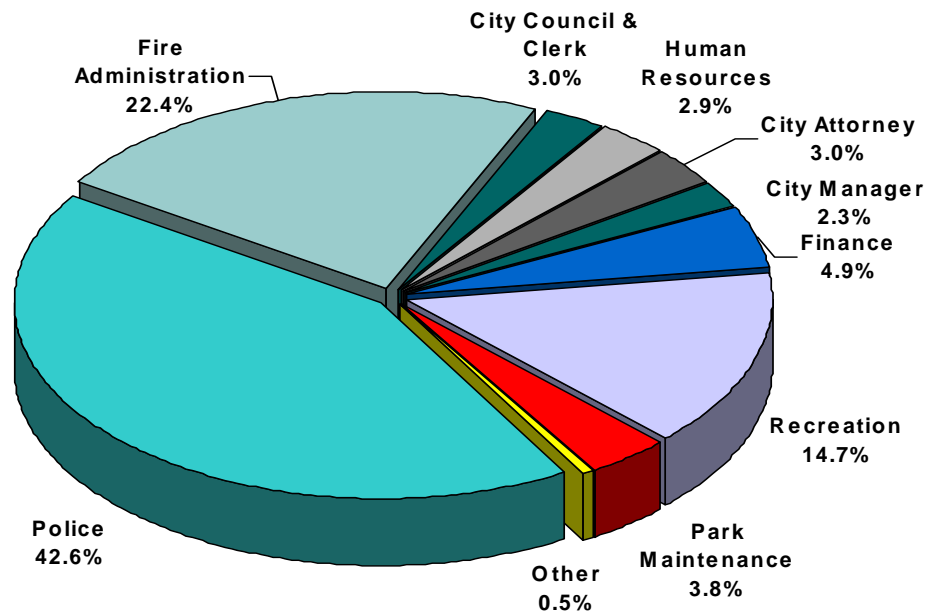
FY 2004/05 Total Expenditures



Operating vs. Capital Expenditures

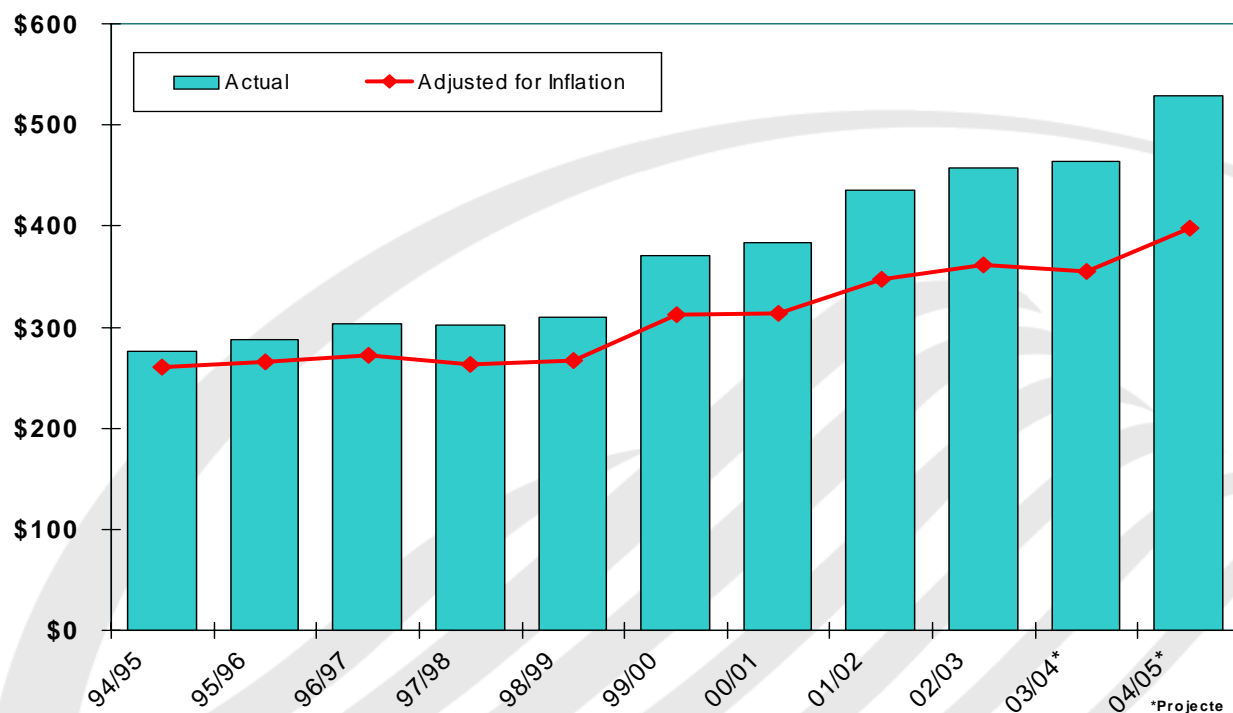


FY 2004/05 General Fund Expenditures



\$18,765,308

General Fund Per Capita Costs



Summary of Expenditures & Transfers Out

City of Morgan Hill Summary of Expenditures & Transfers Out	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Current Budget	FY 03/04 Projected Year-End	FY 04/05 Adopted Budget
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General Fund

City Council	169,974	177,131	-	204,842	174,319
Community Promotions	35,546	43,496	-	31,615	28,114
City Attorney	702,206	851,468	-	578,622	566,191
Transfers Out	525,000	537,000	-	95,250	99,025
City Manager	481,957	354,978	-	382,376	318,659
Recreation	554,987	522,839	-	587,589	285,551
Community & Cultural Center	-	549,588	-	519,743	1,287,874
Aquatics Center	-	-	-	276,354	1,179,260
Human Resources	492,204	546,316	-	558,309	485,417
Volunteer Program	44,161	26,512	-	22,927	55,912
City Clerk	357,243	239,532	-	243,948	252,920
Elections	53,505	49,454	-	63,535	100,296
Finance	1,035,012	1,005,030	-	914,962	927,325
Medical Services	192,526	115,000	-	-	-
PD Administration	574,079	418,289	-	505,251	614,784
PD Field Operations	2,725,596	3,056,723	-	3,119,403	4,106,920
PD Support Services	1,102,075	843,508	-	897,075	949,449
PD Emergency Services	42,250	51,309	-	40,379	46,252
PD Special Operations	985,481	840,131	-	1,097,887	1,195,840
Fire Services	3,559,610	3,623,938	-	3,745,220	4,194,617
Cable Television	47,925	58,461	-	47,027	44,961
Communications & Marketing	-	101,416	-	109,513	71,045
Building Maintenance (CCC)	-	244,632	-	526,557	-
Park Maintenance	648,244	834,892	-	760,427	705,572
Animal Control	68,259	104,119	-	78,100	86,078
Dispatch Services	439,887	730,030	-	782,503	988,927
Total General Fund	14,837,726	15,925,791	-	16,189,414	18,765,308

General Fund (To Help Compare With Monthly Reports)

Administration	4,167,245	4,885,853	-	5,067,919	5,777,844
Police Services	5,937,627	6,044,108	-	6,520,598	7,988,250
Fire Services	3,559,610	3,623,938	-	3,745,220	4,194,617
Public Works	648,244	834,892	-	760,427	705,572
Transfers Out	525,000	537,000	-	95,250	99,025
Total General Fund	14,837,726	15,925,791	-	16,189,414	18,765,308

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

Expenditures & Transfers Out (continued)

City of Morgan Hill Summary of Expenditures & Transfers Out	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Current Budget	FY 03/04 Projected Year-End	FY 04/05 Adopted Budget
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Capital Project Funds

301 Park Development	66,115	167,936	-	763,132	2,062,944
302 Park Maintenance	224,650	128,809	-	200,000	150,000
303 Local Drainage	68,430	12,100	-	261,893	2,001,536
304 Local Drainage/Non AB 1600	1,572	90,952	-	218,868	841,669
305 Off Street Parking	-	-	-	4,058	-
306 Open Space	-	-	-	-	-
309 Traffic Impact	426,944	921,074	-	1,396,777	1,050,000
311 Police Impact	15,967	81,740	-	1,226,645	88,937
313 Fire Impact	50,296	151,428	-	551,545	101,380
317 RDA	15,887,411	18,016,514	-	33,553,375	14,342,563
327 Housing	6,909,785	2,570,889	-	7,021,714	5,824,189
346 Public Fac/Non AB 1600	-	-	-	10,178,684	553,000
347 Public Facilities Impact	736,646	487,155	-	153,071	1,365
348 Library Impact	192	208	-	225	1,000,202
350 Undergrounding	136,492	87,426	-	190,437	375,390
360 Community Center Impact	-	-	-	-	50,000
Total Capital Project Funds	24,524,501	22,716,232	-	55,720,424	28,443,175

Debt Service Funds

536 Encino Hills AD	84,084	-	-	-	-
539 MH Business Park AD	374,687	-	-	-	-
542 Sutter Business Park AD	270,909	-	-	-	-
545 Cochrane Bus Park AD	229,657	475,563	-	196,517	194,200
551 Joleen Way AD	38,148	36,133	-	41,140	39,561
Total Debt Service Funds	997,485	511,696	-	237,657	233,761

Expenditures & Transfers Out (continued)

City of Morgan Hill Summary of Expenditures & Transfers Out	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Current Budget	FY 03/04 Projected Year-End	FY 04/05 Adopted Budget
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Enterprise Funds						
640	Sewer Operations	6,123,289	5,885,433	-	7,066,265	6,450,819
641	Sewer Impact	1,020,026	2,025,604	-	1,192,640	2,926,745
642	Sewer Rate Stabilization	1,992	2,190	-	2,369	2,117
643	Sewer Capital Projects	682,228	1,292,325	-	1,533,928	1,102,539
	Combined Sewer Funds	7,827,535	9,205,552	-	9,795,202	10,482,220
	Water Operations	6,858,631	6,716,725	-	8,170,105	6,541,316
	Meter Reading/Repair	448,227	634,855	-	648,114	719,352
	Utility Billing	291,206	395,634	-	360,874	392,283
	Water Conservation	13,048	3,047	-	8,212	59,466
650	Water Operations	7,611,112	7,750,260	-	9,187,305	7,712,417
651	Water Impact	944,389	1,539,996	-	2,652,299	2,845,226
652	Water Rate Stablization	468	509	-	850,551	493
653	Water Capital Projects	978,345	1,666,425	-	3,011,677	1,115,923
	Combined Water Funds	1,923,202	3,206,930	-	6,514,527	3,961,642
Total Enterprise Funds		17,361,849	20,162,742	-	25,497,034	22,156,279

Internal Service Funds						
710	Human Resources	20,678	-	-	-	-
720	Finance	372,877	-	-	-	-
730	Information Systems	261,488	369,234	-	220,864	430,970
740	Building Maintenance	541,209	492,395	-	495,931	1,343,445
745	CIP Administration	1,086,725	1,192,489	-	1,372,283	1,395,765
755	City Legal Defense	28,910	-	-	-	-
760	Unemployment Insurance	18,738	31,385	-	30,000	55,000
770	Worker's Compensation	407,332	488,822	-	698,897	767,200
790	Equipment Replacement	188,761	84,545	-	43,758	187,240
795	General Liability Insurance	332,919	403,811	-	380,772	427,700
Total Internal Service Funds		3,259,637	3,062,681	-	3,242,505	4,607,320

CITY OF MORGAN HILL • FY 200-405 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 200-405 • OPERATING AND CIP BUDGET

City of Morgan Hill		FY 01/02	FY 02/03	FY 03/04	FY 03/04	FY 04/05
Summary of Expenditures & Transfers Out				Current	Projected	Adopted
		Actual	Actual	Budget	Year-End	Budget
Agency Funds						
841	MH Business Ranch I AD	726,766	735,202	-	2,344,888	-
842	MH Business Ranch II AD	90,540	207,239	-	166,659	-
843	MH Business Ranch 98 AD	883,376	1,112,924	-	872,771	893,395
844	MH Ranch Reassessment 2004	-	-	-	589,424	598,873
845	Madrone Bus Park - Exempt	8,257,173	1,182,687	-	809,415	800,730
846	Madrone Bus Park - Taxable	1,331,476	198,716	-	172,288	175,480
848	Tennant Ave Business Park	1,049,670	274	-	-	-
881	Police Donation Trust	2,000	-	-	-	-
Total Agency Funds		12,341,001	3,437,041	-	4,955,445	2,468,478
TOTAL ALL FUNDS		82,094,104	72,126,667	-	112,863,047	83,762,784

FY 2004/05 Interfund Transfers

Description	General Fund (010)	Streets Fund (202)	Police Trust Fund (205)	Com Ctr Fund (210)	CDBG Program Fund (215)
1 Police Services	175,000		(175,000)		
2 Park Maintenance	125,000				
3 Dispatch services	40,000				
4 Management of CDBG Funds	15,000				(15,000)
5 General Fund Savings Plan	48,100				
6 Street maintenance support		100,000			
7 Mitigation of street damages		600,000			
8 Reserved for IRC Startup O&M	(50,000)			50,000	
9 Mobile Home Administration Support					
10 Loan Repayment to Water Fund					
11 Upgrade Finance System	(49,025)				
TOTAL	304,075	700,000	(175,000)	50,000	(15,000)

CITY OF MORGAN HILL • FY 200-005 • OPERATING AND CIP BUDGET

CITY OF MORGAN HILL • F.Y. 2004/05 • OPERATING AND CIP BUDGET

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Cost Allocation

Charges To Departments	General Fund Administration	Liability Insurance	Building Maintenance	Information Systems	Vehicle Replacement	TOTAL
640-5900 Sewer Operations	204,446	128,310	18,780	4,589	-	356,125
641-8140 Sewer Impact	3,745	-	-	-	-	3,745
642-8145 Sewer Rate Stabilization	2,117	-	-	-	-	2,117
643-8170 Sewer Capital Projects	2,539	-	-	-	-	2,539
650-5710 Water Operations	226,085	27,622	29,878	4,589	90,364	378,538
650-5720 Meter Reading	36,791	6,594	7,762	3,059	4,916	59,122
650-5750 Utility Billing	27,881	1,643	12,442	6,118	-	48,084
650-5760 Water Conservation	1,026	192	-	-	-	1,218
651-8110 Water Impact	226	-	-	-	-	226
652-8125 Water Rate Stabilization	493	-	-	-	-	493
653-8120 Water Capital Projects	923	-	-	-	-	923
730-2520 Information Systems	-	213	2,007	-	-	2,220
740-2115 Building Maint. - CCC	-	5,100	-	1,530	-	6,630
740-2120 Building Maint. - Aqtcs	-	1,154	-	-	-	1,154
740-5150 Building Maintenance	-	6,577	-	-	-	6,577
745-8280 CIP Administration	124,693	22,373	-	-	-	147,066
790-8500 Equipment Replacement	1,573	-	-	-	-	1,573
841-8305 MH Business Ranch I AD	-	-	-	-	-	-
842-8310 MH Business Ranch II AD	-	-	-	-	-	-
843-8357 MH Business Ranch 1998 AD	7,859	-	-	-	-	7,859
844-8358 MH Ranch Reassessment 200	7,859	-	-	-	-	7,859
845-8361 Madrone Bus Park	7,859	-	-	-	-	7,859
846-8362 Madrone Bus Park	7,859	-	-	-	-	7,859
TOTAL	1,793,851	427,700	1,652,610	230,970	305,053	4,410,184

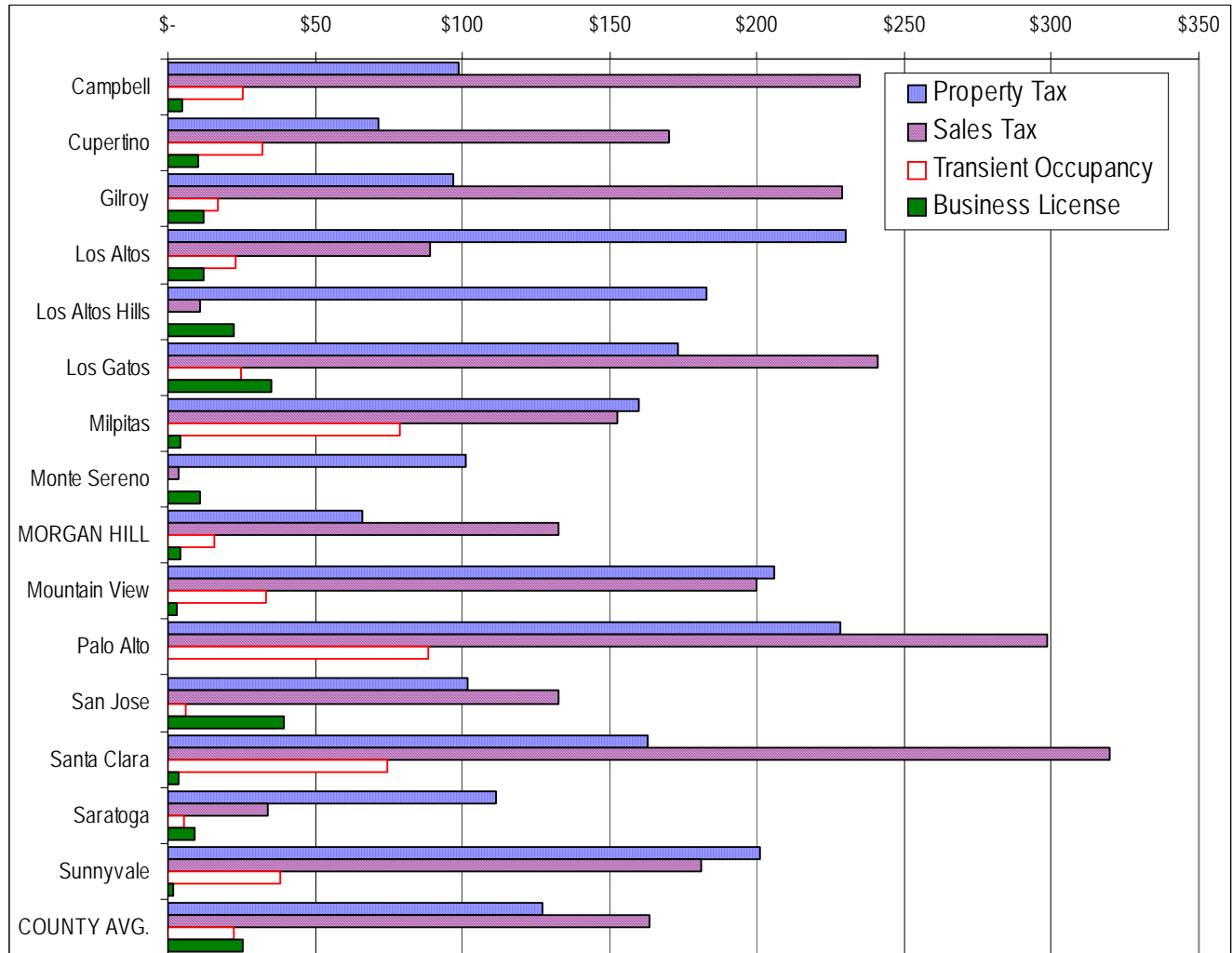
Cost allocation charges account for the financing of goods or services provided by one department to other departments within the City and Redevelopment Agency on a cost reimbursement basis. Internal service funds accumulate costs related to the

services provided, and then the costs are allocated to the department receiving the goods and/or services based on the quantity of service received. The cost allocation schedule above reflects the charges to departments.

Comparison of Municipalities (6/30/03)

City of Morgan Hill, California

Property Tax per Capita, Sales Tax per Capita, Transient Occupancy Tax per Capita, and Business License Tax Per Capita - Santa Clara County Cities - 2002/03



	Population	Property Tax		Sales Tax		Transient Occupancy		Business License	
		Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
Campbell	38,300	\$ 3,770,090	\$ 98	\$ 8,997,381	\$ 235	\$ 970,000	\$ 25	\$ 195,549	\$ 5
Cupertino	52,000	3,704,671	71	8,843,792	170	1,679,225	32	522,048	10
Gilroy	44,975	4,367,743	97	10,283,131	229	768,066	17	540,145	12
Los Altos	27,722	6,379,459	230	2,463,693	89	633,861	23	340,969	12
Los Altos Hills	8,300	1,519,938	183	89,104	11	-	-	184,158	22
Los Gatos	28,739	4,977,119	173	6,928,817	241	713,064	25	1,003,014	35
Milpitas	62,698	10,008,699	160	9,568,227	153	4,953,379	79	274,168	4
Monte Sereno	3,700	373,952	101	14,486	4	-	-	40,700	11
MORGAN HILL	34,918	2,315,104	66	4,636,927	133	554,049	16	150,636	4
Mountain View	71,610	14,733,400	206	14,327,600	200	2,367,400	33	211,200	3
Palo Alto	60,465	13,821,000	229	18,041,000	298	5,333,000	88	-	-
San Jose	925,000	93,958,366	102	122,756,988	133	5,800,000	6	36,642,153	40
Santa Clara	105,831	17,228,401	163	33,814,782	320	7,889,562	75	363,623	3
Saratoga	30,482	3,400,228	112	1,028,329	34	160,639	5	284,037	9
Sunnyvale	132,500	26,631,929	201	24,029,237	181	5,094,489	38	269,263	2
COUNTY AVG.	108,483	\$ 13,812,673	\$ 127	\$ 17,721,566	\$ 163	\$ 2,461,116	\$ 23	\$ 2,734,778	\$ 25

Source: Cities in Santa Clara County

Staffing Summary

Citywide Organization Chart

Staffing Summary by Departments

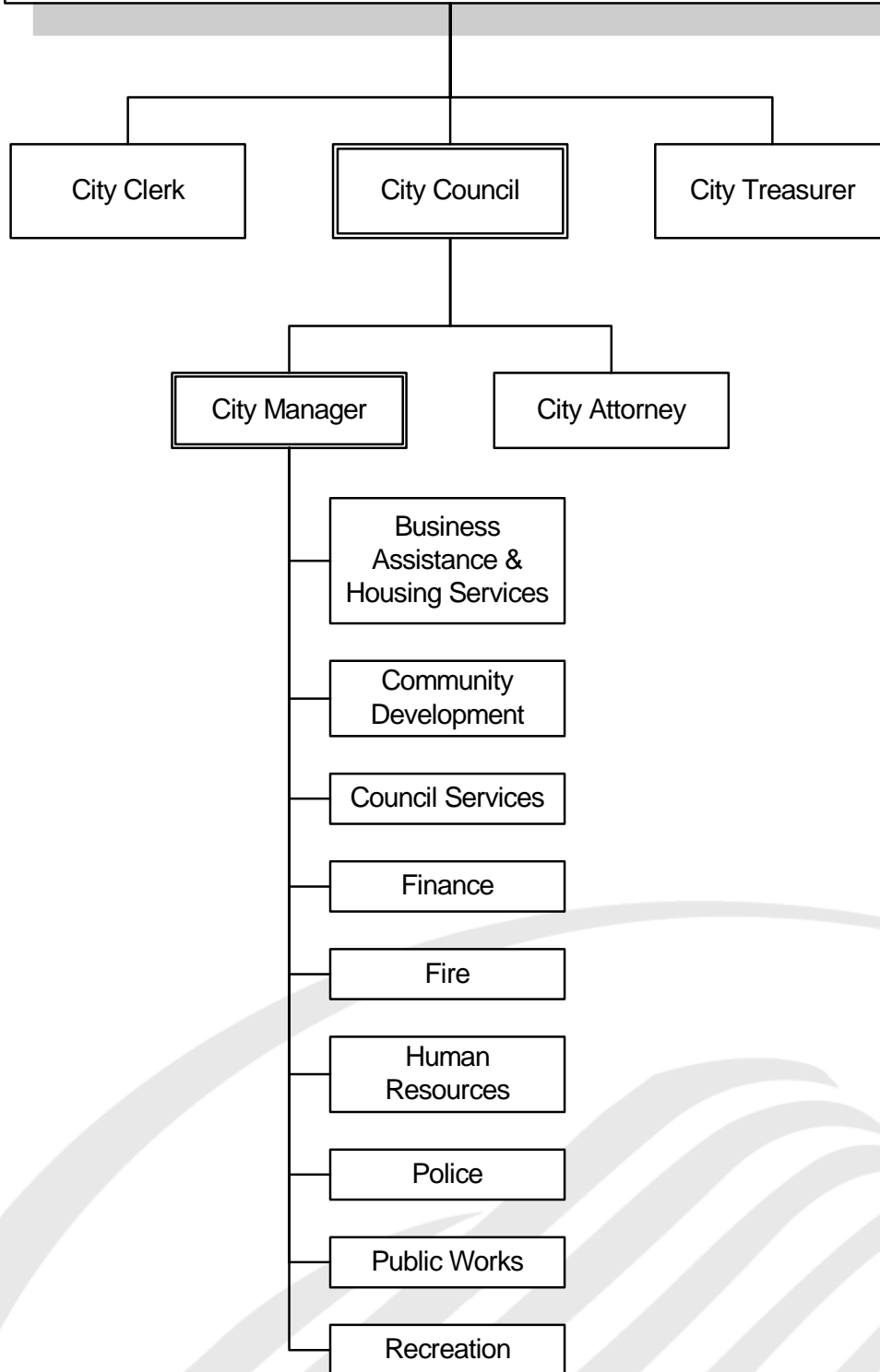
Staffing Detail by Departments

Staffing Summary by Funds/Programs

Staffing Detail by Funds/Programs

Changes in Personnel Costs

CITIZENS OF MORGAN HILL



Staffing Detail by Departments

<u>Job Classification</u>	<u>00/01 Actual</u>	<u>01/02 Actual</u>	<u>02/03 Actual</u>	<u>03/04 Current</u>	<u>04/05 Proposed</u>
Mayor & Council Members	5.000	5.000	5.000	5.000	5.000
City Council	5.000	5.000	5.000	5.000	5.000
City Attorney	1.000	1.000	1.000	1.000	1.000
Deputy City Attorney	1.000	1.000	1.000	1.000	-
Secretary to the City Attorney	1.000	1.000	1.000	1.000	1.000
City Attorney's Office	3.000	3.000	3.000	3.000	2.000
Administrative Analyst	-	-	-	-	-
Assistant to the City Manager	2.000	2.000	2.000	2.000	1.000
City Manager	1.000	1.000	1.000	1.000	1.000
Municipal Services Assistant	-	-	0.500	0.500	-
Office Assistant I/II	0.150	0.150	-	-	-
Secretary to the City Manager	1.000	1.000	1.000	1.000	1.000
City Manager's Office	4.150	4.150	4.500	4.500	3.000
Administrative Analyst	-	-	-	0.500	0.750
Facilities Maintenance Specialist	-	-	-	1.000	1.000
Leisure Services Coordinator	-	1.000	-	-	-
Management Analyst	-	1.000	1.000	1.000	0.500
Municipal Services Assistant	-	-	1.000	1.000	1.000
Office Assistant I/II	0.750	1.250	1.250	2.250	2.000
Recreation & Community Svs Manager	1.000	1.000	1.000	1.000	1.000
Recreation Coordinator	-	-	-	1.000	2.750
Recreation Leader	-	-	0.500	0.500	-
Recreation Supervisor	1.000	1.000	2.000	3.000	2.000
Recreation	2.750	5.250	6.750	11.250	11.000
Administrative Analyst	1.500	1.500	1.500	1.000	1.000
Human Resources Assistant	0.500	1.000	1.000	1.000	0.500
Human Resources Director	1.000	1.000	1.000	1.000	1.000
Human Resources Manager	-	-	-	-	-
Human Resources Supervisor	-	-	1.000	1.000	-
Senior Analyst	1.000	1.000	-	-	-
Human Resources	4.000	4.500	4.500	4.000	2.500
City Clerk/CSRM	1.000	1.000	1.000	1.000	1.000
Municipal Services Assistant	1.000	2.000	1.000	1.000	1.000
Office Assistant I/II	2.000	2.000	3.000	3.000	1.500
City Clerk	4.000	5.000	5.000	5.000	3.500
Accountant I	2.000	2.000	2.000	2.000	2.000
Accounting Assistant I/II	4.500	4.500	4.500	4.500	4.000
Accounting Technician	1.000	1.000	1.000	1.000	1.000
Assistant Director of Finance	1.000	1.000	1.000	1.000	1.000
Budget Manager	1.000	1.000	1.000	1.000	1.000
Finance Director	1.000	1.000	1.000	1.000	1.000
Finance Department	10.500	10.500	10.500	10.500	10.000

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Planning Manager	1.000	1.000	1.000	1.000	1.000
Planning Technician	1.000	1.000	1.000	1.000	1.000
Senior Planner	1.000	2.000	2.000	2.000	2.000
Community Development	17.750	19.350	21.500	21.500	22.000

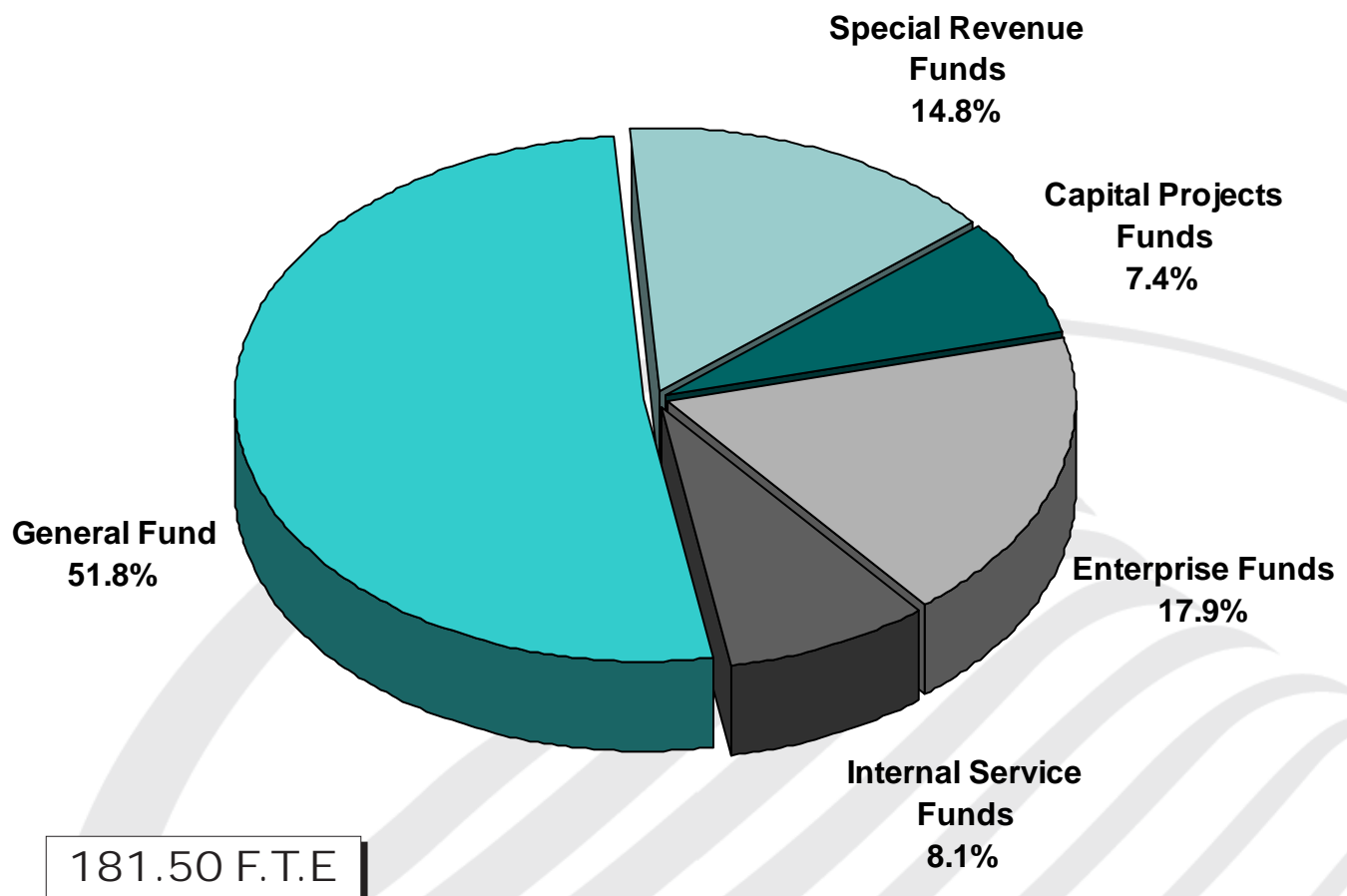
Staffing Detail by Departments

<u>Job Classification</u>	<u>00/01 Actual</u>	<u>01/02 Actual</u>	<u>02/03 Actual</u>	<u>03/04 Current</u>	<u>04/05 Proposed</u>
Administrative Secretary	1.000	1.000	1.000	1.000	1.000
Assistant Engineer	2.000	2.000	2.000	2.000	2.000
Associate Engineer	1.000	1.000	1.000	1.000	1.000
Deputy Public Works Director	2.000	2.000	2.000	2.000	2.000
Electrician	1.000	1.000	1.000	1.000	1.000
Engineering Aide I/II	3.000	3.000	3.000	3.000	3.000
Groundskeeper	4.000	4.000	4.000	4.000	2.000
Junior Engineer	1.000	1.000	1.000	1.000	1.000
Maintenance Supervisor	1.000	1.000	1.000	1.000	1.000
Maintenance Worker I/II	6.000	6.000	6.000	6.000	6.000
Management Analyst	2.000	2.000	2.000	2.000	2.000
Municipal Services Assistant	1.000	1.000	2.000	1.000	1.500
Office Assistant I/II	2.000	2.000	1.000	2.000	2.000
Program Administrator	-	-	-	-	1.000
Project Manager	-	1.000	1.000	1.000	1.000
Public Works Director	1.000	1.000	1.000	1.000	1.000
Public Works Inspection Supervisor	-	0.500	1.000	1.000	1.000
Public Works Inspector	1.000	1.000	1.000	1.000	1.000
Senior Civil Engineer	2.000	2.000	2.000	2.000	2.000
Senior Maintenance Worker	1.000	2.000	2.000	2.000	2.000
Senior Public Works Inspector	1.000	1.000	1.000	1.000	1.000
Senior Utility Worker	2.000	2.000	2.000	2.000	2.000
Senior Water Meter Service Worker	1.000	1.000	1.000	1.000	1.000
Utility Systems Manager	1.000	1.000	1.000	1.000	1.000
Utility Systems Supervisor	1.000	1.000	1.000	1.000	1.000
Utility Worker I/II	12.000	14.000	14.000	14.000	14.000
Water Meter Service Worker	2.000	2.000	2.000	2.000	2.000
Water Quality Specialist	1.000	1.000	1.000	1.000	1.000
Public Works	53.000	57.500	58.000	58.000	57.500
BAHS Analyst	1.000	1.000	1.000	1.000	1.000
BAHS Director	1.000	1.000	1.000	1.000	1.000
BAHS Manager	1.000	1.000	1.000	1.000	1.000
Housing Program Coordinator	1.000	1.000	1.000	1.000	1.000
Housing Rehabilitation Coordinator	1.000	1.000	1.000	1.000	1.000
Municipal Services Assistant	1.000	1.000	1.000	1.000	1.000
Office Assistant I/II	1.000	1.500	1.500	1.500	1.500
Project Manager	-	1.000	1.000	1.000	1.000
Senior Project Manager/Community	-	-	1.000	1.000	1.000
BAHS	7.000	8.500	9.500	9.500	9.500
Citywide	166.150	178.750	186.250	190.250	181.500

Staffing Summary by Fund Type

Job Classification	00/01 Actual	01/02 Actual	02/03 Actual	03/04 Current	04/05 Proposed
General Fund	91.670	96.670	102.863	105.940	93.950
Special Revenue Funds	26.670	28.670	27.270	26.445	26.930
Capital Projects Funds	9.450	11.600	13.020	13.270	13.410
Enterprise Funds	29.910	32.360	31.998	32.235	32.425
Internal Service Funds	8.450	9.450	11.100	12.360	14.785
All Funds	166.150	178.750	186.250	190.250	181.500

FY 2004/05 Staffing Chart by Fund Type



Staffing Summary by Programs

Dept	Job Classification	00/01 Actual	01/02 Actual	02/03 Actual	03/04 Current	04/05 Proposed
010-1100	City Council	5.250	6.000	6.000	6.000	5.500
010-1220	Community Promotions	0.060	0.060	0.100	0.100	0.100
010-1500	City Attorney	3.000	3.000	3.000	3.000	1.860
010-2100	City Manager	2.340	2.340	2.220	2.210	1.750
010-2110	Recreation	2.750	5.250	2.968	1.700	1.600
010-2115	Community & Cultural Center	-	-	3.783	5.050	4.898
010-2120	Aquatics Center	-	-	-	4.000	4.000
010-2200	Human Resources	3.750	4.250	4.250	4.000	2.500
010-2210	Volunteer Program	0.500	0.500	0.250	0.500	0.503
010-2410	Council Svs & Records Mgmt	3.250	3.500	3.400	3.500	2.500
010-2420	Elections	0.500	0.500	0.500	0.400	0.400
010-2510	Finance	7.500	7.500	7.753	7.300	6.925
010-3205	PD Administration	2.940	3.940	5.000	4.000	4.000
010-3210	PD Patrol	24.000	24.000	27.000	26.000	26.940
010-3225	PD Support Services	10.800	10.800	6.500	6.500	5.000
010-3230	PD Emergency Services	0.500	0.500	0.940	0.940	0.450
010-3245	PD Special Operations	9.500	9.500	8.000	10.000	8.000
010-5140	Cable TV	0.100	0.100	0.100	0.125	0.130
010-5145	Communications & Marketing	-	-	0.300	0.305	0.250
010-5150	Building Maintenance (CCC)	-	-	2.710	2.210	-
010-5440	Park Maintenance Operations	7.730	7.730	7.590	7.600	5.595
010-5450	Animal Control	1.000	1.000	1.000	1.000	1.000
010-8270	PD Dispatch Services	6.200	6.200	9.500	9.500	10.050
202-6100	Street Maintenance Operations	6.070	7.070	7.120	7.010	7.010
202-6110	Congestion Management	0.300	0.300	0.500	0.500	0.450
206-5120	Planning	6.760	7.310	7.070	6.410	6.790
206-5130	Building Division	6.850	7.050	6.790	6.540	6.590
206-5410	Engineering	5.570	5.670	4.570	4.305	4.780
207-5170	General Plan Update	0.100	0.300	0.060	0.520	0.150
229-8351	Lighting & Landscape	0.170	0.170	0.180	0.200	0.200
232-5800	Solid Waste Management	0.850	0.800	0.980	0.960	0.960
317-7000	BAHS Administration	3.550	4.800	6.420	6.620	6.640
327-7100	BAHS Housing Assistance	5.900	6.800	6.600	6.650	6.770
640-5900	Sewer Operations	11.200	12.600	12.510	12.300	12.235
650-5710	Water Operations	12.210	13.210	13.550	13.460	13.525
650-5720	Meter Reading & Repair	3.500	3.500	3.140	3.225	3.230
650-5750	Utility Billing	3.000	3.000	2.748	3.200	3.075
650-5760	Water Conservation	-	0.050	0.050	0.050	0.360
730-2520	Information Systems	-	-	-	-	0.200
740-2115	Building Maintenance (CCC)	-	-	-	-	2.710
740-2120	Building Maintenance (Aquatics)	-	-	-	-	0.500
740-5150	Building Maintenance	1.900	1.900	2.150	2.850	2.350
745-8280	CIP Administration	6.550	7.550	8.950	9.510	9.025
Citywide		166.150	178.750	186.250	190.250	181.500

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010-2115	Administrative Analyst	-	-	-	-	0.248
010-2115	Management Analyst	-	-	0.170	0.700	-
010-2115	Municipal Services Assistant	-	-	0.900	0.900	0.900
010-2115	Office Assistant I/II	-	-	0.553	0.950	1.000
010-2115	Recreation & Community Svs Manager	-	-	0.410	0.750	
010-2115	Recreation Coordinator	-	-	-	-	1.750
010-2115	Recreation Supervisor	-	-	1.750	1.750	1.000
010-2115	Community & Cultural Center	-	-	3.783	5.050	4.898
010-2120	Recreation Supervisor	-	-	-	1.000	1.000
010-2120	Facilities Maintenance Specialist	-	-	-	1.000	1.000
010-2120	Recreation Coordinator	-	-	-	1.000	1.000
010-2120	Office Assistant I/II	-	-	-	1.000	1.000
010-2120	Aquatics Center	-	-	-	4.000	4.000

Staffing Detail by Programs (continued)

Dept	Job Classification	00/01 Actual	01/02 Actual	02/03 Actual	03/04 Current	04/05 Proposed
010-2200	Administrative Analyst	1.000	1.000	1.250	1.000	1.000
010-2200	Assistant to the City Manager	0.250	0.250	-	-	-
010-2200	Human Resources Assistant	0.500	1.000	1.000	1.000	0.500
010-2200	Human Resources Director	1.000	1.000	1.000	1.000	1.000
010-2200	Human Resources Supervisor	-	-	1.000	1.000	-
010-2200	Senior Analyst	1.000	1.000	-	-	-
010-2200	Human Resources	3.750	4.250	4.250	4.000	2.500
010-2210	Administrative Analyst	0.500	0.500	0.250	0.500	0.503
010-2210	Volunteer Coordinator	-	-	-	-	-
010-2210	Volunteer Program	0.500	0.500	0.250	0.500	0.503
010-2410	City Clerk/CSRM	0.750	0.750	0.650	0.450	0.450
010-2410	Municipal Services Assistant	0.750	0.750	0.750	0.800	0.800
010-2410	Office Assistant I/II	1.750	2.000	2.000	2.250	1.250
010-2410	Council Svs & Records Mgmt	3.250	3.500	3.400	3.500	2.500
010-2420	City Clerk/CSRM	0.250	0.250	0.250	0.200	0.200
010-2420	Municipal Services Assistant	0.250	0.250	0.250	0.200	0.200
010-2420	Elections	0.500	0.500	0.500	0.400	0.400
010-2510	Accountant I	2.000	2.000	2.000	2.000	2.000
010-2510	Accounting Assistant I/II	2.000	2.000	2.253	2.000	1.625
010-2510	Accounting Technician	1.000	1.000	1.000	1.000	1.000
010-2510	Assistant Director of Finance	0.700	0.700	0.700	0.700	0.700
010-2510	Budget Manager	1.000	1.000	1.000	0.800	0.800
010-2510	Finance Director	0.800	0.800	0.800	0.800	0.800
010-2510	Finance	7.500	7.500	7.753	7.300	6.925
010-3205	Administrative Secretary	1.000	1.000	1.000	1.000	1.000
010-3205	Management Analyst	-	1.000	1.000	1.000	1.000
010-3205	Police Captain	0.940	0.940	1.000	-	-
010-3205	Police Chief	1.000	1.000	1.000	1.000	1.000
010-3205	Police Support Services Supervisor	-	-	1.000	1.000	1.000
010-3205	PD Administration	2.940	3.940	5.000	4.000	4.000
010-3210	Community Service Officer	2.000	2.000	2.000	2.000	2.000
010-3210	Police Corporal	4.000	4.000	4.000	4.000	4.000
010-3210	Police Lieutenant	-	-	1.000	1.000	0.940
010-3210	Police Officer	14.000	14.000	16.000	15.000	16.000
010-3210	Police Sergeant	4.000	4.000	4.000	4.000	4.000
010-3210	Public Safety Dispatcher	-	-	-	-	-
010-3210	PD Patrol	24.000	24.000	27.000	26.000	26.940
010-3225	Public Safety Dispatcher	3.200	3.200	3.000	2.500	-
010-3225	Cadets	1.500	1.500	1.500	1.500	0.500
010-3225	Police Records Specialist	5.400	5.400	2.000	2.500	4.500
010-3225	Police Support Service Supervisor	0.700	0.700	-	-	-
010-3225	PD Support Services	10.800	10.800	6.500	6.500	5.000

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Staffing Detail by Programs (continued)

Dept	Job Classification	00/01 Actual	01/02 Actual	02/03 Actual	03/04 Current	04/05 Proposed
010-8270	Lead Public Safety Dispatcher	1.000	1.000	1.000	1.000	1.000
010-8270	Police Records Specialist	0.600	0.600	1.500	2.500	-
010-8270	Police Support Service Supervisor	0.300	0.300	-	-	-
010-8270	Public Safety Dispatcher	4.300	4.300	7.000	6.000	9.050
010-8270	PD Dispatch Services	6.200	6.200	9.500	9.500	10.050
202-6100	Administrative Secretary	0.100	0.100	0.130	0.100	0.100
202-6100	Assistant Engineer	0.080	0.080	0.050	0.030	0.030
202-6100	Deputy Public Works Director	0.160	0.160	0.180	0.190	0.190
202-6100	Electrician	0.100	0.100	0.100	0.100	0.100
202-6100	Engineering Aide I/II	0.100	0.100	0.100	0.100	0.100
202-6100	Maintenance Supervisor	0.780	0.780	0.700	0.700	0.700
202-6100	Maintenance Worker I/II	4.000	4.000	4.000	4.000	4.000
202-6100	Management Analyst	0.400	0.400	0.400	0.350	0.320
202-6100	Municipal Services Assistant	0.100	0.100	0.290	0.155	0.180
202-6100	Office Assistant I/II	0.160	0.160	0.080	0.200	0.100
202-6100	Public Works Director	0.090	0.090	0.090	0.085	0.090
202-6100	Public Works Inspector	-	-	-	-	0.100
202-6100	Senior Maintenance Worker	-	1.000	1.000	1.000	1.000
202-6100	Street Maintenance Operations	6.070	7.070	7.120	7.010	7.010
202-6110	Administrative Secretary	0.050	0.050	0.050	0.050	0.050
202-6110	Community Development Director	-	-	-	-	-
202-6110	Planning Manager	0.200	0.200	0.250	0.250	0.250
202-6110	Senior Planner	0.050	0.050	0.200	0.200	0.150
202-6110	Congestion Management	0.300	0.300	0.500	0.500	0.450
206-5120	Administrative Secretary	0.950	0.950	0.910	0.910	0.910
206-5120	Assistant Planner	1.000	1.000	0.900	0.850	-
206-5120	Associate Planner	1.000	1.000	0.950	0.900	1.700
206-5120	Community Development Director	0.250	0.250	0.370	0.290	0.290
206-5120	Management Analyst	-	0.200	0.200	0.200	0.250
206-5120	Office Assistant I/II	1.150	1.150	0.900	0.900	0.900
206-5120	Planning Manager	0.400	0.400	0.500	0.500	0.500
206-5120	Planning Technician	1.000	1.000	1.000	1.000	1.000
206-5120	Police Captain	0.060	0.060	-	-	-
206-5120	Police Lieutenant	-	-	-	-	0.060
206-5120	Public Safety Dispatcher	-	-	0.060	0.060	-
206-5120	Senior Planner	0.950	1.300	1.280	0.800	1.180
206-5120	Planning	6.760	7.310	7.070	6.410	6.790
206-5130	(Senior) Building Inspector	2.600	2.600	2.350	2.350	2.350
206-5130	Building Permit Technician	1.000	1.000	1.000	1.000	1.000
206-5130	Chief Building Official	1.000	1.000	0.740	0.690	0.690
206-5130	Code Enforcement Officer	0.250	0.250	0.250	0.250	0.250
206-5130	Community Development Director	0.250	0.250	0.250	0.250	0.250
206-5130	Management Analyst	-	0.200	0.200	0.200	0.250
206-5130	Municipal Services Assistant	1.000	1.000	1.000	0.800	0.800
206-5130	Office Assistant I/II	0.750	0.750	1.000	1.000	1.000
206-5130	Building Division	6.850	7.050	6.790	6.540	6.590

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Staffing Detail by Programs (continued)

Dept	Job Classification	00/01 Actual	01/02 Actual	02/03 Actual	03/04 Current	04/05 Proposed
317-7000	Management Analyst	-	0.100	0.100	0.100	-
317-7000	Office Assistant I/II	0.500	0.450	0.450	0.450	0.450
317-7000	Planning Manager	0.400	0.400	0.250	0.250	0.250
317-7000	Project Manager	-	1.000	1.000	1.000	1.000
317-7000	Public Works Director	-	-	0.050	0.050	0.050
317-7000	Secretary to the City Manager	0.300	0.300	0.300	0.300	0.300
317-7000	Senior Civil Engineer	-	-	0.250	0.250	0.250
317-7000	Senior Planner	-	0.200	0.410	0.510	0.510
317-7000	Senior Project Manager/Community	-	-	1.000	1.000	1.000
317-7000	BAHS Administration	3.550	4.800	6.420	6.620	6.640
327-7100	Assistant Planner	-	-	-	0.050	-
327-7100	Associate Planner	-	-	-	-	0.050
327-7100	BAHS Analyst	0.750	0.750	0.750	0.750	0.750
327-7100	BAHS Director	0.500	0.500	0.500	0.500	0.500
327-7100	BAHS Manager	0.250	0.250	0.250	0.250	0.250
327-7100	Chief Building Official	-	-	0.050	0.050	0.050
327-7100	City Attorney	-	-	-	-	0.070
327-7100	City Manager	0.200	0.200	0.200	0.200	0.200
327-7100	Code Enforcement Officer	0.500	0.500	0.500	0.500	0.500
327-7100	Community Development Director	-	0.100	0.050	0.050	0.050
327-7100	Housing Program Coordinator	1.000	1.000	1.000	1.000	1.000
327-7100	Housing Rehabilitation Coordinator	1.000	1.000	1.000	1.000	1.000
327-7100	Municipal Services Assistant	1.000	1.000	1.000	1.000	1.000
327-7100	Office Assistant I/II	0.500	1.050	1.050	1.050	1.050
327-7100	Secretary to the City Manager	0.200	0.200	0.200	0.200	0.200
327-7100	Senior Planner	-	0.250	0.050	0.050	0.100
327-7100	BAHS Housing Assistance	5.900	6.800	6.600	6.650	6.770
640-5900	Administrative Secretary	0.170	0.170	0.155	0.170	0.165
640-5900	Assistant Engineer	0.210	0.210	0.200	0.200	0.180
640-5900	Associate Engineer	0.080	0.080	0.080	0.050	0.050
640-5900	Community Development Director	-	-	0.010	0.010	0.010
640-5900	Deputy Public Works Director	0.410	0.410	0.450	0.400	0.400
640-5900	Electrician	0.300	0.300	0.300	0.300	0.300
640-5900	Engineering Aide I/II	0.450	0.450	0.450	0.500	0.500
640-5900	Junior Engineer	0.160	0.160	0.160	0.050	0.070
640-5900	Management Analyst	0.350	0.350	0.470	0.475	0.450
640-5900	Municipal Services Assistant	0.350	0.350	0.520	0.360	0.360
640-5900	Office Assistant I/II	0.270	0.270	0.100	0.240	0.070
640-5900	Public Works Director	0.230	0.230	0.230	0.230	0.220
640-5900	Public Works Inspection Supervisor	-	0.400	0.100	0.100	0.100
640-5900	Public Works Inspector	-	-	-	-	0.150
640-5900	Senior Civil Engineer	0.150	0.150	0.150	0.180	0.180
640-5900	Senior Planner	-	-	0.015	0.015	0.010
640-5900	Senior Public Works Inspector	0.070	0.070	0.070	0.070	0.070
640-5900	Senior Utility Worker	1.000	1.000	1.000	1.000	1.000
640-5900	Utility Systems Manager	0.500	0.500	0.550	0.450	0.450
640-5900	Utility Systems Supervisor	0.500	0.500	0.500	0.500	0.500
640-5900	Utility Worker I/II	6.000	7.000	7.000	7.000	7.000
640-5900	Sewer Operations	99 11.200	12.600	12.510	12.300	12.235

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Citywide	166.150	178.750	186.250	190.250	181.500
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Changes in Personnel Costs

Fiscal Year 2003/04 was the first year of negotiated Memorandums of Understanding (MOU's) between the City and the Police Officer's Association (POA), the Community Service Officer's Association (CSOA) and the American Federation of State, County and Municipal Employees Local 101 (AFSCME). AFSCME and CSOA MOU's expire June 30, 2005. POA's expires June 30, 2006. Fiscal year 2004/05 sees modest salary increases of 2% in POA, 2% in CSOA and 2.5% in AFSCME. A 2% increase is also planned for management and confidential personnel.

One of the most significant personnel cost increase the City faces in Fiscal Year 2004/05 is the employer's retirement contribution for both safety and miscellaneous employees covered under the CalPERS retirement plan. In addition to employee contributions, the employer is required to contribute a percentage of wages on behalf of the employee to the retirement plan. Effective July 1, 2004 the employer's contribution rates go from 6.805% to 24.397% for safety employees and from 2.469% to 8.133% for miscellaneous employees. PERS costs are expected to increase approximately \$1 million.

Workers' Compensation costs continue to rise statewide. Workers' Compensation is a significant cost to the City of Morgan Hill. Recent legislation increased the minimum benefits for injured workers from \$490.00 per week to \$602 per week in January 2003, to \$728 per week in January 2004. Minimum benefits will increase to \$840 per week in January 2005. The 2004/05 budget includes worker's compensation costs of \$875,269, a 27% increase over the prior year.

The 2002 Legislative Session passed Senate Bill 1464, Minimum Employer Contribution for Health Benefits. This bill increases the minimum employer contribution for health benefits for agencies participating in CalPERS Health from the current \$16.00 per employee, both active and retired, to \$97.00 per employee by the year 2008. The \$97 would then be adjusted annually to reflect changes in the medical care component of the Consumer Price Index (CPI). The City currently covers this cost for active employees under the umbrella of the cafeteria plan flex benefit and will not have a direct impact on City costs. The City currently contributes for 16 annuitants at the rate of \$5.81 each. While the cost of the increased employer contribution is minimal at this time, the future cost including additional retirees and adjustments for inflation is unknown.

For FY 2004/05, steps have been taken to balance the budget in light of economic challenges facing the City. 8.75 positions have been eliminated, in addition to operating cost reductions, directly reducing general fund expenditures. This is the third year that general fund operating expenditures have been reduced and the first year positions have been eliminated as opposed to frozen. These reductions have the potential to negatively impact city services.

Council and Clerk Services

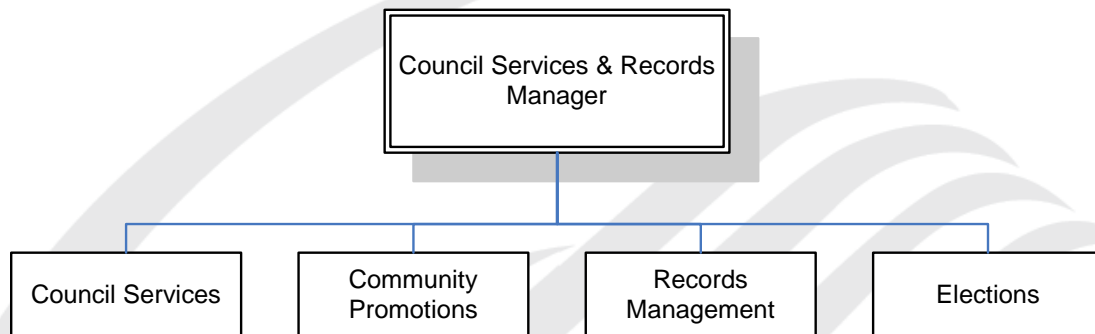
[010-1100] [010-1220] [010-2410] [010-2420]

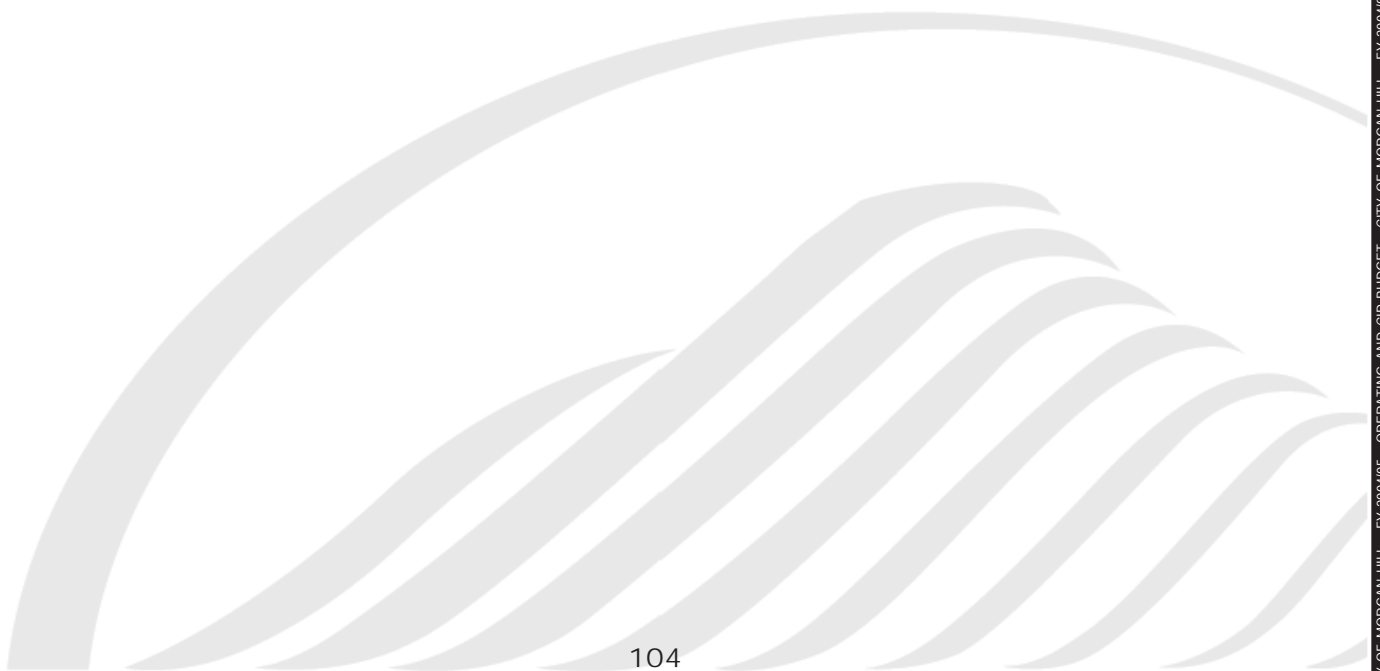
Appropriation Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	371,374	309,306	353,435	308,145	343,589
Supplies & Services	112,368	125,677	146,081	135,260	149,695
Capital Outlay	71,980	-	-	-	-
Debt Services	2,135	1,321	-	-	-
Internal Service	58,410	73,310	100,535	100,535	62,365
Transfers Out	-	-	-	-	-
Project Expenditure	-	-	-	-	-
CITY CLERK TOTAL	616,267	509,613	600,051	543,940	555,649

010 1100 CITY COUNCIL	169,974	177,131	194,400	204,842	174,319
010 1220 COMMUNITY PROMOTIONS	35,546	43,496	31,542	31,615	28,114
010 2410 CITY CLERK	357,243	239,532	303,533	243,948	252,920
010 2420 ELECTIONS	53,505	49,454	70,576	63,535	100,296
DEPARTMENT TOTAL	616,267	509,613	600,051	543,940	555,649

¹ FY03/04 Adopted Budget: \$599,192





[010-1100] City Council

ACTIVITY DESCRIPTION

The City Council consists of a Mayor and four Council Members, elected at large by the citizens of Morgan Hill on a non-partisan basis. The City Council is the policy making legislative body of the City. The Council adopts ordinances and resolutions and approves major contracts, acquisitions and leases, as well as major purchases of equipment and services required by the City. With the advice and assistance of the City Manager and staff, the City Council reviews proposals to meet community needs, initiates action for new policies, and allocates resources. Members of the City Council also represent the City on various outside agencies, commissions and committees. City Council members participate in regional decision-making with regional committees and agencies to address mutual interests.

FY 2003/04 HIGHLIGHTS

- Approved purchase agreement for a New Police Facility at 16200 Vineyard Boulevard
- Made appointments to fill vacancies on various Boards, Commissions and Committees
- Supported findings, objectives and strategies of the Association of Monterey Bay Area Governments (AMBAG) report-strategies for inter-regional jobs and housing balance
- Conducted "Legislative Briefings" with state legislators on state, regional and local issues
- Approved funding for the Morgan Hill Chamber of Commerce to implement a "Community Development Marketing Plan"
- Adopted an "Affordable Housing Strategy"
- Provided funding for the Dayworker Center; amending the Municipal Code relating to Interim Use Permits
- Adopted ordinances that facilitated the conversion of residential units for commercial uses in the downtown area
- Monitored the construction progress of the Aquatics Center Project
- Monitored the progress of the Urban Limit Line (Greenbelt) Study
- Approved a Selection Criteria and Process for the Downtown Request for Concepts process
- Conducted a workshop with Boards, Commissions and Committees relating to "Ethics"
- Addressed clean-up efforts for the contaminate perchlorate, including seeking reimbursement for said clean-up efforts
- Formulated the "Morgan Hill Financing Authority"
- Endorsed a successful March 2, 2004 Ballot Measure; extending the City's Residential Development Control System to 2020
- Reviewed requests for proposals for the 17605 Monterey Road Police Facility
- Adopted City Council Policies and Goals for 2004.
- Adopted Resolution, implementing a City-wide Burrowing Owl Habitat Mitigation Plan
- Received regular updates on Medical Services Objectives from the Morgan Hill Community Health Foundation and the DePaul Health Center
- Adopted Resolution in support of the Local Taxpayers and Public Safety Protection Act state-wide ballot measure
- Reviewed and approved the Council's Economic Development Subcommittee recommendations regarding "Quick Hitters" and "Information Gathering" proposals under the Downtown Request for Concepts
- Conducted a workshop with City of San Jose staff regarding the "Coyote Valley Specific Plan"
- Approved a precise development plan for the Watsonville Road-South County Housing 10-unit attached teacher housing project

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- Adopt an appropriate “rate of return” on economic development investments that might be made from General Fund reserves
- Review recommendations for new revenue options, including plan on how best to obtain community input.
- Review suggestions from the Medical Services Subcommittee on possible revisions to the City’s Medical Services Objectives
- Obtain federal funding for environmental, engineering and right of way acquisition for PL 566
- Review recommendations of the Urban Limit Line/Greenbelt Study and take advantage of opportunities to acquire or control critical open space
- Adopt a feasible strategy for a new or expanded library, including a site and financing strategy
- Discuss ways of becoming an active participant/partner of the “Coyote Valley Specific Plan”
- Evaluate City Manager’s recommendation of the existing system of Council committees and subcommittees, as well as the citizen commissioners, committees and task forces. Review to include recommendations for reducing costs, enhancing communication and improving decision-making processes
- Adopt an Ethics policy for Council, commissions, committees and staff
- Facilitate orientation meeting(s) with the Morgan Hill Unified School District Civics classes at the beginning of each semester to explain the role of local government

Due to the status of the State and local economy, budget reductions were made to the Fiscal Year 2004-05 budget. Budget reductions were made to "Supplies and Services" line items. A percentage of personnel costs are included for the Council Services and Records Manager and Clerk staff for Council-related activities. Building maintenance costs are included in the Council's budget for the Mayor's office and City Council shared office space.

- Funding for the City Council's annual goal-setting session
- Funding for Membership and Dues to the League of California, Peninsula Division, Santa Clara County Cities Association, National Civic League, League of California Cities, etc.
- A limited amount of funding (\$3,000) has been budgeted for Contract Services, similar to prior years
- Budget reductions have been made under "Supplies & Services" in the amount of \$9,500. This budget reduction impacts telephone, supplies, photo copy, training & education, and conference & meetings budget line items

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[010-1100] City Council

		01/02	02/03	03/04	03/04	04/05
Acct	Description	Actuals	Actuals	Current Budget	Estimated Actual	Adopted Budget
41100	SALARIES-GENERAL	38,363	41,085	53,988	25,728	62,482
41210	SALARIES-ELECTED/APPT	24,000	23,677	-	23,384	-
41270	SALARIES-PART-TIME	-	-	-	6,130	-
41320	SALARIES-OTHER PAYOUT	87	-	-	450	500
41560	UNEMP. INS	5	5	851	284	1,645
41620	RETIREMENT-GENERAL	209	3,064	1,647	1,641	3,969
41690	DEFERRED COMPENSATION	-	-	1,293	1,253	1,364
41700	GROUP INSURANCE	11,168	18,963	14,807	19,166	13,773
41701	MEDICARE	1,878	2,399	783	1,908	906
41730	INCOME PROTECTION INS	69	650	510	717	519
41760	WORKERS COMP	764	1,502	1,674	1,673	2,580
41799	BENEFITS	8,123	-	-	554	-
41000s	<<EMPLOYEE SERVICES>>	84,664	91,344	75,553	82,888	87,738
42214	TELEPHONE	1,764	1,719	2,500	2,000	2,000
42227	COMMUNITY SPONSORSHIP	500	-	-	-	-
42231	CONTRACT SERVICES	-	2,000	3,000	18,007	3,000
42244	STATIONERY & OFFICE SUPPLIES	1,150	2,555	3,000	1,000	1,500
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	1,500
42248	OTHER SUPPLIES	2,610	8,123	3,000	1,000	1,500
42250	ADVERTISING	163	584	1,000	1,000	1,000
42252	PHOTOCOPYING	782	431	5,100	2,500	3,000
42254	POSTAGE & FREIGHT	673	521	600	800	600
42257	PRINTING	560	1,304	1,500	1,000	1,500
42261	AUTO MILEAGE	-	-	300	300	300
42408	TRAINING & EDUCATION	2,850	(426)	4,000	1,500	2,000
42415	CONFERENCE & MEETINGS	9,194	6,925	9,000	7,000	7,000
42423	MEMBERSHIP & DUES	17,991	19,310	19,000	19,000	19,000
42435	SUBCRPTION & PUB.	-	-	200	200	200
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	3,885	3,314	-	-	-
42000s	<<SUPPLIES & SERVICES>>	42,123	46,361	52,200	55,307	44,100
43820	OTHER IMPROVEMENTS	10,376	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	10,376	-	-	-	-
44994	LEASE PAYMENTS	965	917	-	-	-
44000s	<<DEBT SERVICE>>	965	917	-	-	-
45003	GENERAL LIABILITY INS	6,610	5,797	4,601	4,601	2,933
45004	BLDG MAINT SERVICES	25,236	32,712	58,567	58,567	34,959
45009	I.S. SERVICES	-	-	3,479	3,479	4,589
45000s	<<INTERNAL SERVICES>>	31,846	38,509	66,647	66,647	42,481
	CITY COUNCIL	169,974	177,131	194,400	204,842	174,319

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This activity provides for limited support to the "Taste of Morgan Hill" and Independence Day Inc. (IDI) Fourth of July activities. The Community and Cultural Center is used to showcase projects and activities for the Taste of Morgan Hill. In prior years, this budget has provided limited funding to assist non-profit agencies serving the community. Due to the City's budget constraints, funding for non profits has been reduced by \$6,000 (34.5% budget reduction). The City Council will need to identify which activities it would like to fund in Fiscal Year 2004-05.

FY 2003/04 HIGHLIGHTS

- City activities and programs were featured at the Community & Cultural Center as part of the Taste of Morgan Hill event. City employees, Library Commissioners, Parks and Recreation Commissioners, Bicycle and Trails Advisory Committee, Youth Advisory Committee Members, and volunteers, staffed this event.
- The City Council supported the 40-Developmental Asset approach as a framework in guiding all youth-related policies and programs in the City. This fiscal year included an insert of the 40-Developmental Assets for Youth as part of a City Visions publication.
- Conducted City Hall tours, as requested, for elementary schools and Boy/Girl Scout troops.
- Presented over 105 Proclamations and Certificates of Appreciation

FY 2004/05 ACTIVITY GOALS

- Facilitate request(s) for City co-sponsorship/funding for community activities
- Continue to facilitate community and organization requests to make presentations before the City Council
- Author proclamation and recognition certificates from Council, outside agencies, staff and citizens
- Coordinate Patriot Day activities
- Continue to fulfill requests for City Hall tours, as requested
- Facilitate Council Members participation in community events (e.g., Fourth of July Parade, Holiday Parade)

FINANCIAL COMMENTS

The FY 2004/05 budget has been reduced by approximately 10.8% to meet the budget target reduction. This budget will include \$11,400 for community promotion events, a reduction of \$6,000 from the FY 2003/04 budget. The Council will need to identify which community project(s) is/are to be funded in Fiscal Year 2004-05 (e.g., Youth Empowered for Success, Taste of Morgan Hill, request for co-sponsorship of events/use of City facilities, and Independence Day Inc. Fourth of July activities). No funding is proposed for outside agency requests. A percentage of personnel costs are included for the Council Services and Records Manager's and a portion of City Clerk staff to support this activity.

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[010-1220] Community Promotions

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	5,807	9,992	10,344	10,243	10,910
41320	SALARIES-OTHER PAYOUT	276	502	-	150	200
41560	UNEMP. INS	-	1	15	5	29
41620	RETIREMENT-GENERAL	-	-	255	207	887
41690	DEFERRED COMPENSATION	234	500	517	512	546
41700	GROUP INSURANCE	415	744	744	766	1,020
41701	MEDICARE	73	-	150	-	158
41730	INCOME PROTECTION INS	76	176	119	200	119
41760	WORKERS COMP	131	236	321	321	442
41799	BENEFITS	5	241	-	234	-
41000s	<<EMPLOYEE SERVICES>>	7,017	12,392	12,465	12,638	14,311
42214	TELEPHONE	56	86	100	100	100
42231	CONTRACT SERVICES	9,959	-	-	1,418	-
42244	STATIONERY & OFFICE SUPPLIES	354	26	200	100	200
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	750
42248	OTHER SUPPLIES	17,398	30,653	17,400	15,761	11,400
42250	ADVERTISING	-	81	-	-	-
42254	POSTAGE & FREIGHT	687	160	300	300	300
42257	PRINTING	-	-	1,000	1,221	1,000
42000s	<<SUPPLIES & SERVICES>>	28,453	31,007	19,000	18,900	13,750
45003	GENERAL LIABILITY INS	76	97	77	77	53
45000s	<<INTERNAL SERVICES>>	76	97	77	77	53
	COMMUNITY PROMOTIONS	35,546	43,496	31,542	31,615	28,114



[010-2410] Council Services & Records Management

ACTIVITY DESCRIPTION

The Council Services and Records Manager is appointed by the City Manager and serves as the City Clerk; Clerk of the Boards, Commissions and Committees; Secretary to the Redevelopment Agency Board and the newly created Financing Authority; and is the Filing Officer/Official for the Fair Political Practices Commission. With the assistance of a full-time Municipal Services Assistant, the Council Services and Records Manager administers the City-wide records management program; prepares the City Council and Redevelopment Agency agendas and minutes; assists with Commissions/Committees Agendas and recruitment efforts; serves as City Council liaison; indexes all official and recorded documents; processes the updates for the Municipal Code; is responsible for recording documents; and serves as the Office Manager for City Administration. This office also acts as the liaison to the City of Morgan Hill-Morgan Hill Unified School District Liaison Committee. Staff provides essential cross-departmental services such as telephone and public counter reception; processes incoming and outgoing mail; purchases shared office supplies; administers the City-wide telephone system; acts as key operator to the photocopy machine; coordinates meetings for the Mayor and Council Members and related committees; is the filing official for all subpoenas, claims, and bid process; and is responsible for requests for "public records."

The City Clerk is elected by the citizenry of Morgan Hill, attends all regular and special meetings of the City Council, and prepares the minutes of said meetings.

FY 2003/04 HIGHLIGHTS

- Coordinated and posted City Council/ Redevelopment Agency (RDA) meeting agendas in accordance with the Brown Act
- Posted abbreviated City Council/RDA Agenda Packets on the City's website
- Assisted Departments with recruitments to fill vacancies on the various boards, committees and commissions
- Assisted Mayor, Council Members, department directors, outside agencies and citizens with the coordination of meetings, including Council subcommittee meetings
- Processed over 738 requests for public records
- Processed 52 City Council and Redevelopment Agency Agenda Packets
- Amended City's Record Retention Schedule and assisted departments with storage/purging of non-essential records based on the adopted "Records Retention Schedule"
- Conducted annual clean-up days; resulting in the elimination of 52 boxes of records per the City's adopted Record Retention Schedule.
- Council Services and Records Manager appointed to the Northern California City Clerk's Association Board
- Assisted Mayor with a reception following the annual "State of the City Address"
- Assisted Mayor and Council with arrangements for Sister City signing trip to San Martin de Hidalgo, Mexico.
- Terminated contract with Iron Mountain for the storage of files. Termination of contract will result in approximately \$4,586 in savings of annual storage and retrieval charges. These files have been incorporated into the City's Record Center and organized for easy record retrieval.
- Scanned approximately 2,000 pages of historical records for City Boards and Commissions.
- Scanned 6,500 pages of City Council and Redevelopment Agency agendas and minutes.

[010-2410] Council Services & Records Management

- The Council Services & Records Manager serves as a member of the Teacher's Aid Coalition
- Partnered with the United States Department of State – Passport Agency to become a Passport Acceptance facility; an enhanced city service and a new general fund revenue source. Staff anticipates accepting/processing approximately 833 passports and generating approximately \$25,000 in Fiscal Year 2003-04

FY 2004/05 WORKPLAN

- Inventory and assign retention and destruction dates for 25% of the historical records that were not inventoried as part of the City's adopted Records Retention Schedule of January 17, 1996

FY 2004/05 ACTIVITY GOALS

- Coordinate, facilitate, and assist Council Members with City business meetings
- Streamline Public Records requests
- Continue to image current legislative information
- Continue partnership with the United States Passport Agency as an Acceptance Agency for Passport Applications
- Record, maintain and index all legal documents pertaining to City of Morgan Hill business
- Continue to implement the City's Record Retention Schedule and purge non-essential records
- Continue to maintain the City of Morgan Hill's Municipal Code
- Provide on-going education and training to staff, including cross training
- Work as a member of the management team to help with the business practices of the City of Morgan Hill organization
- Assist with City Council meetings and coordinate travel arrangements
- Update and maintain a Council Calendar
- Oversee the City's Annual Records Clean-up days
- Council Services and Records Manager to continue to be actively involved in the City Clerks Association of California, Northern California City Clerks Association, as well as the International Institute of Municipal Clerks and other professional organizations
- Council Services and Records Manager to remain active and participate in the International Institute of Municipals Clerk, California City Clerks' Association as well as the Northern Division of the City Clerk's Association, attending conference/training opportunities to attain designation of "Masters Municipal Clerk"

FINANCIAL COMMENTS

The Council Services and Records Management Office funds the Council Services and Records Manager, Municipal Services Assistant, a full-time Office Assistant II, a half-time Office Assistant II, and a half-time Office Assistant I. In order to meet the Fiscal Year 2003-04 budget reduction target, the funded half-time Office I position remained vacant the entire fiscal year. It is proposed that funding be eliminated for this half-time vacant position for Fiscal Year 2004-05. Funding for the remaining positions will be appropriated between the City Council, Community Promotions, Council Services and Records Manager and the Election budgets.

Fiscal Year 2004-05 budget reductions in the amount of \$7,500 have been made in Contract Labor and the Supplies and Services budget line items. Funding for Boards and Commission has also been eliminated (\$2,000).

[010-2410] Council Services & Records Management

Council Services & Records Management staff and citizens are pleased with the fact that the City has implemented an enhanced service – Passport Acceptance. The projected revenue greatly exceeded the City staff's expectation as a new revenue source, generating approximately \$25,000 in Fiscal Year 2003-04. Citizens are pleased that they do not have to travel to the north or south of Morgan Hill's boundaries to apply for a passport.

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number of requests for public records	895	738	800
• Amount of time to research/copy requests for			
public records - within 1 day	86.7%	84.3%	85%
- within 10 days	11.8%	14.5%	14%
- over 10 days	1.5%	1.1%	1%

[010-2410] Council Services & Records Management

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	142,651	107,903	164,054	117,337	138,978
41210	SALARIES-ELECTED/APPT	2,400	2,409	2,400	2,400	2,400
41270	SALARIES-PART-TIME	27,608	19,949	-	11,439	-
41320	SALARIES-OTHER PAYOUT	3,040	4,565	7,900	2,700	4,000
41490	OVERTIME-GENERAL	66	-	1,000	1,000	1,000
41560	UNEMP. INS	19	22	555	241	787
41620	RETIREMENT-GENERAL	9,493	4,725	12,852	8,403	18,035
41690	DEFERRED COMPENSATION	3,270	3,247	2,327	3,131	2,455
41700	GROUP INSURANCE	25,044	13,969	21,339	17,884	22,268
41701	MEDICARE	2,028	956	2,379	1,191	2,015
41730	INCOME PROTECTION INS	3,174	2,287	2,366	2,314	1,878
41760	WORKERS COMP	4,685	3,039	4,996	4,982	5,636
41799	BENEFITS	(6,293)	1,566	-	1,112	-
41900	CONTRACT LABOR	11,906	4,968	5,000	1,000	-
41000s	<<EMPLOYEE SERVICES>>	229,092	169,605	227,168	175,134	199,452
42214	TELEPHONE	3,863	3,815	3,500	3,800	3,550
42230	SPECIAL COUNSEL	-	-	-	4,060	-
42231	CONTRACT SERVICES	18,516	15,390	15,000	15,000	15,000
42240	RENTALS - OUTSIDE	-	49	-	-	-
42244	STATIONERY & OFFICE SUPPLIES	3,684	3,177	4,000	2,500	3,000
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	3,000
42248	OTHER SUPPLIES	1,113	748	800	500	800
42250	ADVERTISING	106	178	800	800	800
42252	PHOTOCOPYING	558	292	900	900	1,200
42254	POSTAGE & FREIGHT	1,032	995	1,200	1,200	1,200
42257	PRINTING	680	58	500	200	500
42261	AUTO MILEAGE	81	142	200	200	200
42265	AUTO ALLOWANCE	(35)	-	-	-	-
42408	TRAINING & EDUCATION	1,934	1,202	2,500	2,000	1,500
42415	CONFERENCE & MEETINGS	2,566	3,011	2,500	2,000	2,000
42423	MEMBERSHIP & DUES	1,110	385	600	600	600
42435	SUBSCRIPTION & PUB.	682	225	500	550	500
42440	BOARDS & COMMISSIONS	-	1,196	2,000	1,000	-
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	3,628	4,441	7,861	-	-
42000s	<<SUPPLIES & SERVICES>>	39,518	35,304	42,861	35,310	33,850
43825	MACHINERY/EQUIPMENT	3,919	-	-	-	-
43835	FURNITURE/OFFICE EQUIPMENT	49,630	-	-	-	-
43840	COMPUTER EQUIPMENT	8,055	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	61,605	-	-	-	-
44994	LEASE PAYMENTS	1,170	404	-	-	-
44000s	<<DEBT SERVICE>>	1,170	404	-	-	-
45003	GENERAL LIABILITY INS	4,092	3,285	2,684	2,684	1,333
45004	BLDG MAINT SERVICES	12,728	14,806	20,383	20,383	12,167
45009	I.S. SERVICES	9,038	16,128	10,437	10,437	6,118
45000s	<<INTERNAL SERVICES>>	25,858	34,219	33,504	33,504	19,618
COUNCIL SVS & RECORDS MGMT		357,243	239,532	303,533	243,948	252,920

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This Division is coordinated through the Office of the Council Services and Records Management. The Council Services and Records Manager serves as the Election Officer/Official for the City of Morgan Hill and is responsible for all election procedures, including all Fair Political Practices Commission Filings.

FY 2003/04 HIGHLIGHTS

- Facilitated the consolidation of the March 2, 2004 Special Municipal Election with the Santa Clara County Board of Supervisors and the Registrar of Voters Office. The City submitted a ballot measure to the voters that extends the City's Residential Development Control System to 2020
- Council Services and Records Manager attended the annual New Laws and Elections Seminar
- Council Services and Records Manager assisted in the timely filings of all Open Campaign Committees (Fair Political Practices Commission Semi-Annual Filings)
- Processed 122 notifications and tracked related Statements of Economic Interests (Form 700 filers)
- Facilitated the use of the Council Chambers for the March 2, 2004 Special Municipal election as a polling precinct.

FY 2004/05 WORKPLAN

- Coordinate General Municipal Election for November 2, 2004

FY 2004/05 ACTIVITY GOALS

- Administer the Fair Political Practices Commission (FPPC) filing requirements and maintain accurate records
- Prepare an informational candidates packet for individuals seeking nomination for local office.
- Assist and participate in an informational candidate orientation.
- Council Services and Records Manager to attend the annual New Laws and Election seminar

FINANCIAL COMMENTS

This budget includes funding for a General Municipal Election scheduled for November 2, 2004 to fill the following: Mayor, two (2) Council Members, City Clerk and City Treasure seats. Funding has been included to retain the services of the Santa Clara County Registrar of Voters to administer the election in order to keep election costs to a minimum. There has been an increase in election costs attributed to election mandates since the last General Municipal Election held in November 2002 (approximately 440% increase). A percentage of personnel costs are included for the Council Services and Records Manager and clerk staff for election-related activities and responsibilities.

Funding was not included in the Fiscal Year 2004-05 budget to cover the cost of a ballot measure(s). Should the Council include a ballot measure or should there be a citizen-initiative placed on the ballot, funding to cover the cost of the ballot measure(s) would need to come from the General Fund Reserve.

	FY 02/03	FY 03/04	FY 04/05
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number of Statement of Economic Interests filed and number of applications requested	3 (105)	122	122
• Percentage filed by deadline	100%	93%	100%
• Percentage filed late	0%	7%	0%

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Appropriations Summary

010 1500 CITY ATTORNEY	702,206	852,448	615,917	578,622	566,191
755 1500 CITY ATTORNEY	28,910	-	-	-	-
DEPARTMENT TOTAL	731,116	852,448	615,917	578,622	566,191

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The City Attorney, directly appointed by the City Council, is responsible for administration of all legal affairs of the City. The City Attorney represents the City in litigation, administrative hearings, and other legal matters; prepares or reviews all ordinances, contracts and other legal documents; renders legal advice and opinions to the City Council, Redevelopment Agency, City and Agency Boards and Commissions, and City staff; and oversees all work done by outside counsel on behalf of the City.

FY 2003/04 HIGHLIGHTS

- Staffing - During FY 2003/04, the positions of City Attorney and Legal Secretary remained filled by the present employees. This stabilized staffing resulted in enhanced utilization of economic resources and ensured continuity of litigation and administrative philosophies and practices. Hiring of an Assistant City Attorney was deferred due to budgetary pressures.
- Emphasis on Preventative Law - The City Attorney's Office continued to emphasize preventative law concepts, including early identification and correction of problematic work philosophies and practices. An open-door policy allowed continual access to the City Attorney by Council members and staff, and resulted in potential legal problems being identified and acted upon at early stages of development. The City Attorney also remained accessible to Council, staff and the public through office hours, telephone, and electronic communication. The City Attorney continued to work closely with the City Manager, Risk Manager, affected Departments, and the public to monitor and resolve matters and issues of public concern in the claims phase, thus avoiding the inherent costs of defending the City against claims and lawsuits.
- Litigation Caseload - The number of open cases decreased to twelve from last year's count of thirteen.
- Municipal Code/Form Review - A project to revise the municipal code and forms commonly used by City departments continued, but was delayed due to increased litigation and transactional matters and budgetary pressures impacting the ability to retain outside counsel to assist in this and other projects. The project is expected to continue through the next reporting period.
- Maintenance of Fiscal Constraints - Fiscal constraints continued to be a consideration, resulting, in part, in the deferral of hiring of a full-time assistant city attorney, and in more limited use of outside counsel to perform specialized tasks and/or handle complex litigation matters. Active monitoring of outside law firms with a concentration on appropriate, effective, and economic case and matter handling continued.
- Litigation - Total outstanding lawsuits stand at twelve. The following cases were resolved: City of Morgan Hill v. Biederman; Interstate Trust Deed Services, Inc., v. City of Morgan Hill; City of Morgan Hill v. Folk; City of Morgan Hill v. Cupps; Santa Clara Valley Audubon Society v. City of Morgan Hill; Santa Teresa Citizen Action Group v. California Energy Commission; Paliska v. City of Morgan Hill; Allstate Insurance Company v. City of Morgan Hill; Kennedy v. Davis; and Cecil v. Liao and City of Morgan Hill. The following new cases were filed: Bob Lynch Ford, Inc., v. City of Morgan Hill; Oregon Mutual Insurance Company v. City of Morgan Hill; City of Morgan Hill v. VBN Corporation; City of Morgan Hill v. American Alliance Always Available; and Kerr v. Cahill and City of Morgan Hill.
- Advisory and Transactional - Numerous agreements for Public Works, Community Development, Redevelopment Agency, Recreation, and Housing were negotiated and prepared. Scheduled office hours with City Manager, Finance, Human Resources, and Public Works staff were held regularly to discuss general legal questions and provide either oral or written responsive advice. The City Attorney maintained an open-door policy for staff and Council access, and was therefore available to address staff questions and meet with staff on advisory matters on a constant basis. The City Attorney was also available by telephone and electronic communication during non-office hours.

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- ### FY 2004/05 ACTIVITY GOALS

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[010-1500] City Attorney

- The office uses an Action Form system to track requests from staff for advice on various matters or review of contracts. Over 400 Action Forms were processed in the previous reporting period, an 8% increase from the prior fiscal year. Approximately one-half of these are contracts, with most of the remaining requests for general legal advice and/or research. Responding to City Council requests, through meetings, telephone conversations and electronic mail, continued over the past year.

FINANCIAL COMMENTS

Approximately 45% of the City Attorney's budget is spent on outside counsel handling non-complex, routine litigation, up from 41% the previous year. This is primarily a reactive function that can be managed, but not entirely eliminated, as the City Attorney cannot control the number or complexity of lawsuits filed against the City. The possibility therefore exists for exceeding the budgeted amount estimated for outside litigation. Finally, it should be noted that for FY 04/05 an additional \$25,000 of the City Attorney's salary will be paid for by Redevelopment Agency funds.

PERFORMANCE MEASURES	FY 02/03	FY 03/04	FY 04/05
	ACTUAL	PROJ.	GOAL
• Standard contracts reviewed within ten days	100%	100%	100%
• Amended Municipal Chapter Codes adopted by the City	4	4	4
• Hours of MCLE	26	25	25
• Closure of more than 50% of defense cases under \$75,000 in legal fees	100%	100%	100%

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City Manager's Office

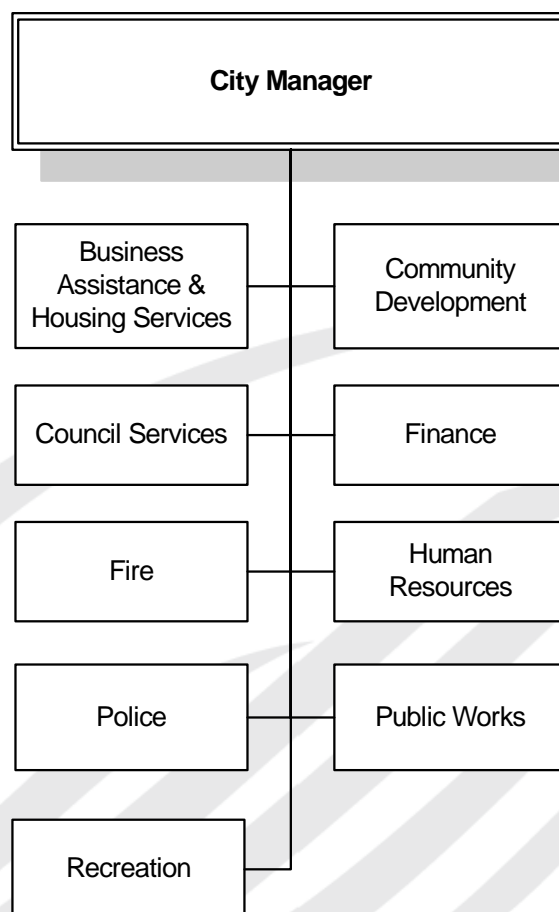
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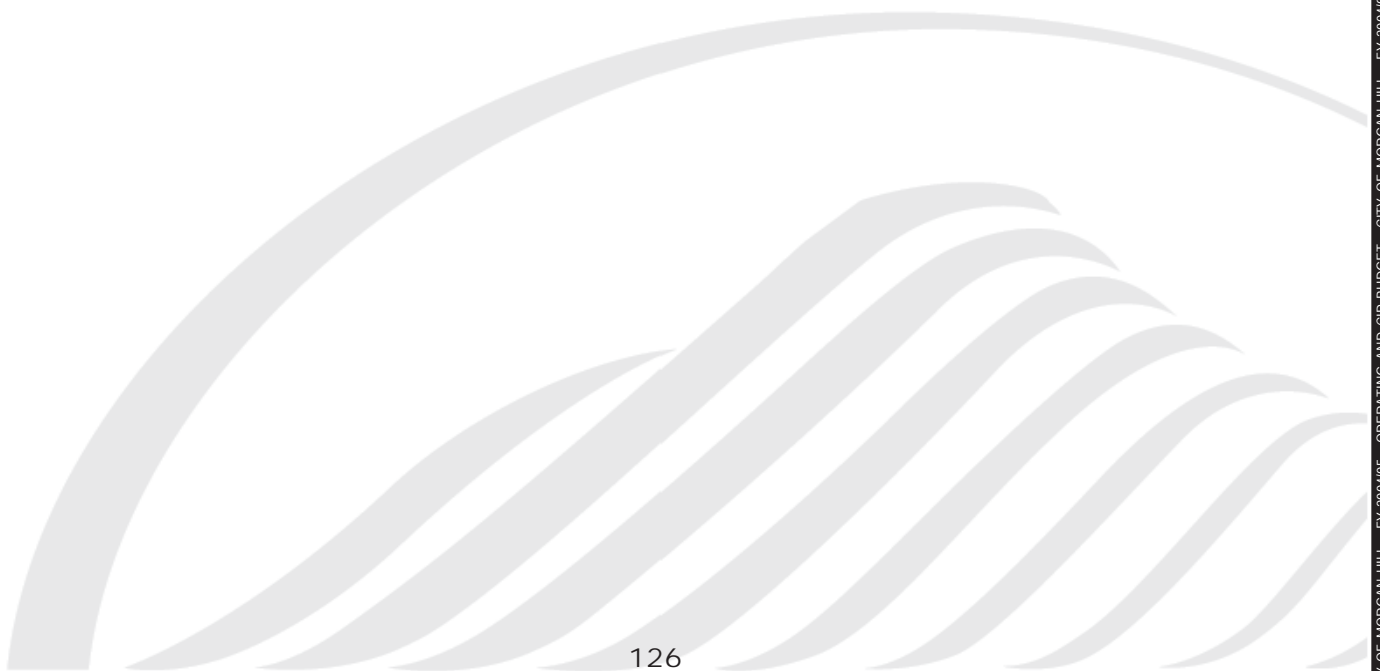
Appropriations Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	349,975	338,379	396,451	397,278	337,569
Supplies & Services	148,331	149,227	126,273	114,420	81,194
Capital Outlay	8,285	367	-	-	-
Debt Services	506	480	-	-	-
Internal Service	22,785	26,401	27,258	27,218	15,902
Transfers Out	-	-	-	-	-
Project Expenditure	-	-	-	-	-
CITY MANAGER'S OFFICE	529,882	514,855	549,982	538,916	434,665

010 2100 CITY MANAGER	481,957	354,978	391,162	382,376	318,659
010 5140 CABLE TV KCMH	47,925	58,461	46,986	47,027	44,961
010 5145 COMM. & MARKETING	-	101,416	111,834	109,513	71,045
DEPARTMENT TOTAL	529,882	514,855	549,982	538,916	434,665

¹ FY03/04 Adopted Budget: \$995,003. However, this included \$452,029 from [232-5800] Solid Waste Management which is now managed by Public Works





[010-2100] City Manager

ACTIVITY DESCRIPTION

The City Manager is appointed by the City Council to serve as the administrative head of the City government. The City Manager is responsible for preparing the annual budget, for managing the personnel system, and for implementing Council policy. In addition, the City Manager serves as Executive Director of the Redevelopment Agency (RDA), Personnel Officer, Purchasing Agent, and Director of Emergency Services. For FY 2004/05, the City Manager's Office activities will include organizational studies, communications and marketing, and administration of the City's contract for fire suppression and emergency medical services. As described in the "Fiscal Impact" section below, the Environmental Programs activity is being moved to the Public Works Department. Legislative advocacy and participation in community-based organizations such as the dayworker center will be reduced.

FY 2003/04 HIGHLIGHTS

- Developed the Sustainable Budget Strategy to support Council objectives for ensuring the City's financial health
- Managed the implementation of the Redevelopment Agency projects, including implementation of the Housing Strategy and planning for the aquatic center and indoor recreation center
- Negotiated extension to the fire suppression and emergency medical service contract with Santa Clara County Fire Department
- Provided leadership in the implementation of the Economic Development strategy
- Supported the work of the Morgan Hill Community Health Foundation in meeting the Council's objectives for medical services in Morgan Hill
- Continued to support the Council in advancing the City's interests in state and federal legislative processes
- Began implementing recommendations from Information Technology and Purchasing management studies
- Began management study of facilities management activities
- Worked with community group to resolve issues related to day laborers

FY 2004/05 WORKPLAN

- Complete Recruitment for Police Chief
- Study Creation of an Administrative Services Department
- Evaluate use of committees and commissions and recommend changes to improve decision making and reduce cost
- Implement Recommendations from Facilities Management Study
- Launch e-mail communication network with interested residents, businesses, and others

Additional activities to be undertaken in FY 2004/05 include:

- Hire Community Development Director
- Facilitate development of a 60-acre sub-regional commercial center at Cochrane/Highway 101
- Facilitate the expansion of the RV dealers
- Leadership and support to various economic development efforts
- Attract at least one additional auto dealer
- Implement Council's Affordable Housing Strategy

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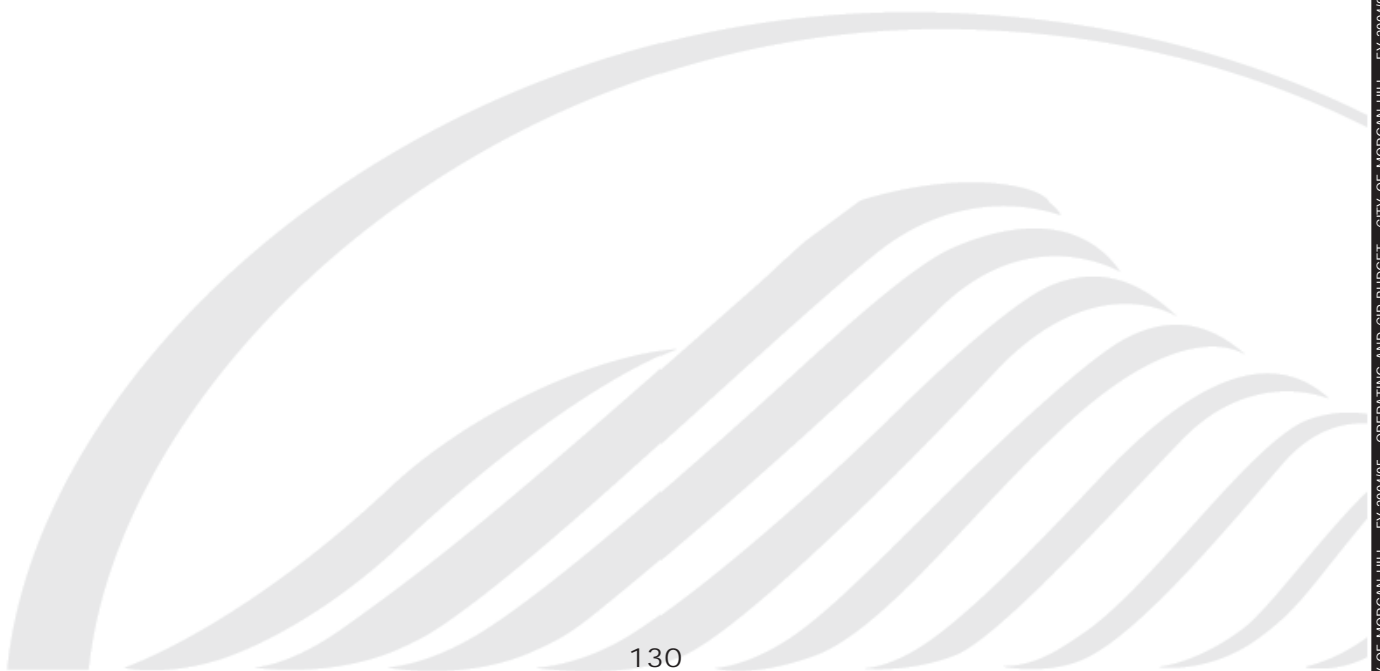
The City Manager's Office proposes significant staffing changes in FY 2004/05 in order to meet the budget reductions identified in the Budget Strategy. Beginning FY 2004/05, the Environmental Programs function will move to the Public Works Department, and the Assistant to the City Manager and part-time Office Assistant II who supports those activities will be re-assigned to that department. The new staffing level for the City Manager's Office will be the City Manager, an Assistant to the City Manager, and the Secretary to the City Manager. In addition, funding for contract services and funding for vacation coverage with temporary staff have been eliminated, and the training budget reduced.

<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
ACTUAL	PROJ.	GOAL

- Percentage of workplan projects, City-wide, that are completed within the planned time frame, recognizing that the schedule of some projects is beyond department control. 38% 40% 90 %
- Actual General Fund expenditures as a percentage of the adopted General Fund budget 93% 97% 99 %
- Level of City General Fund reserves as a proportion of adopted General Fund revenues 64% 68% 48 %

[010-2100] City Manager

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	262,496	223,862	261,520	262,847	206,985
41270	SALARIES-PART-TIME	5,599	888	-	461	-
41320	SALARIES-OTHER PAYOUT	13,245	10,709	10,070	10,070	9,907
41330	SALARIES-SICK LEAVE PAYOUT	-	-	3,012	-	-
41490	OVERTIME-GENERAL	-	9	-	-	-
41560	UNEMP. INS	12	11	329	329	501
41620	RETIREMENT-GENERAL	409	3,931	13,215	13,215	25,970
41690	DEFERRED COMPENSATION	10,334	12,907	13,952	13,952	11,193
41700	GROUP INSURANCE	15,668	17,188	17,038	17,038	16,394
41701	MEDICARE	3,753	3,822	3,792	3,792	3,001
41730	INCOME PROTECTION INS	2,799	3,704	2,626	2,626	2,082
41760	WORKERS COMP	5,819	5,968	7,875	7,864	8,358
41799	BENEFITS	2,446	2,862	-	7,500	-
41900	CONTRACT LABOR	2,439	1,148	3,240	-	-
41000s	<<EMPLOYEE SERVICES>>	325,018	287,009	336,669	339,694	284,391
42214	TELEPHONE	3,522	2,371	2,964	2,964	2,808
42228	GASOLINE & OIL	-	6	-	-	-
42231	CONTRACT SERVICES	64,274	22,841	10,000	-	-
42244	STATIONERY & OFFICE SUPPLIES	1,251	891	400	600	425
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	1,000	-
42248	OTHER SUPPLIES	1,295	165	100	50	100
42250	ADVERTISING	-	-	750	-	-
42252	PHOTOCOPYING	203	124	1,731	1,731	1,731
42254	POSTAGE & FREIGHT	20,972	448	487	487	37
42257	PRINTING	16,574	282	290	150	206
42261	AUTO MILEAGE	513	376	600	275	350
42265	AUTO ALLOWANCE	(46)	-	-	-	-
42299	OTHER EXPENSE	148	-	100	50	50
42301	REIMBURSEMENTS	747	130	500	500	500
42408	TRAINING & EDUCATION	55	465	3,000	1,000	1,000
42415	CONFERENCE & MEETINGS	9,618	6,260	6,102	6,102	9,626
42423	MEMBERSHIP & DUES	4,840	3,926	4,265	4,265	3,820
42435	SUBSCRIPTION & PUB.	1,417	1,448	1,534	1,800	924
42523	MAINT - MACHINE/EQUIPMENT	-	-	-	-	50
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	1,602	1,452	-	38	-
42000s	<<SUPPLIES & SERVICES>>	126,985	41,185	32,823	21,012	21,627
43835	FURNITURE/OFFICE EQUIPMENT	1,013	-	-	-	-
43840	COMPUTER EQUIPMENT	5,650	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	6,663	-	-	-	-
44994	LEASE PAYMENTS	506	480	-	-	-
44000s	<<DEBT SERVICE>>	506	480	-	-	-
45003	GENERAL LIABILITY INS	4,533	2,145	1,695	1,695	933
45004	BLDG MAINT SERVICES	9,215	10,719	14,757	14,757	7,119
45009	I.S. SERVICES	9,038	13,440	5,218	5,218	4,589
45000s	<<INTERNAL SERVICES>>	22,785	26,304	21,670	21,670	12,641
	CITY MANAGER	481,957	354,978	391,162	382,376	318,659



[010-5140] Cable Services

ACTIVITY DESCRIPTION

The Environmental Programs Division is responsible for administering the cable television franchise and public access contract.

FY 2003/04 HIGHLIGHTS

- Improved the follow up and response to cable television service complaints

FY 2004/05 ACTIVITY GOALS

- Continue to respond aggressively in support of customer complaints

FINANCIAL COMMENTS

Funding for this activity is decreasing slightly due to the planned 20% reduction in facility relocation support for public access services.

PERFORMANCE MEASURES	FY 02/03	FY 03/04	FY 04/05
	ACTUAL	PROJ.	GOAL
• Number of cable complaints received	12	10	10
• Number of cable complaint processes completed	12	10	10
• Average number of days taken to completely process each cable complaint...	10.67	2	1

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[010-5145] Communications and Marketing

ACTIVITY DESCRIPTION

This activity is responsible for administering the City's communications and marketing efforts including City Visions, government access programming, the website, and other communications.

FY 2003/04 HIGHLIGHTS

- Continued to expand the scope and size of City Visions making it a more comprehensive and relevant document for the community
- Provided timely updates to the community on the status of perchlorate levels in drinking water
- Assisted all departments with publicizing their programs and events
- Continually updated and expanded the City's website

FY 2004/05 ACTIVITY GOALS

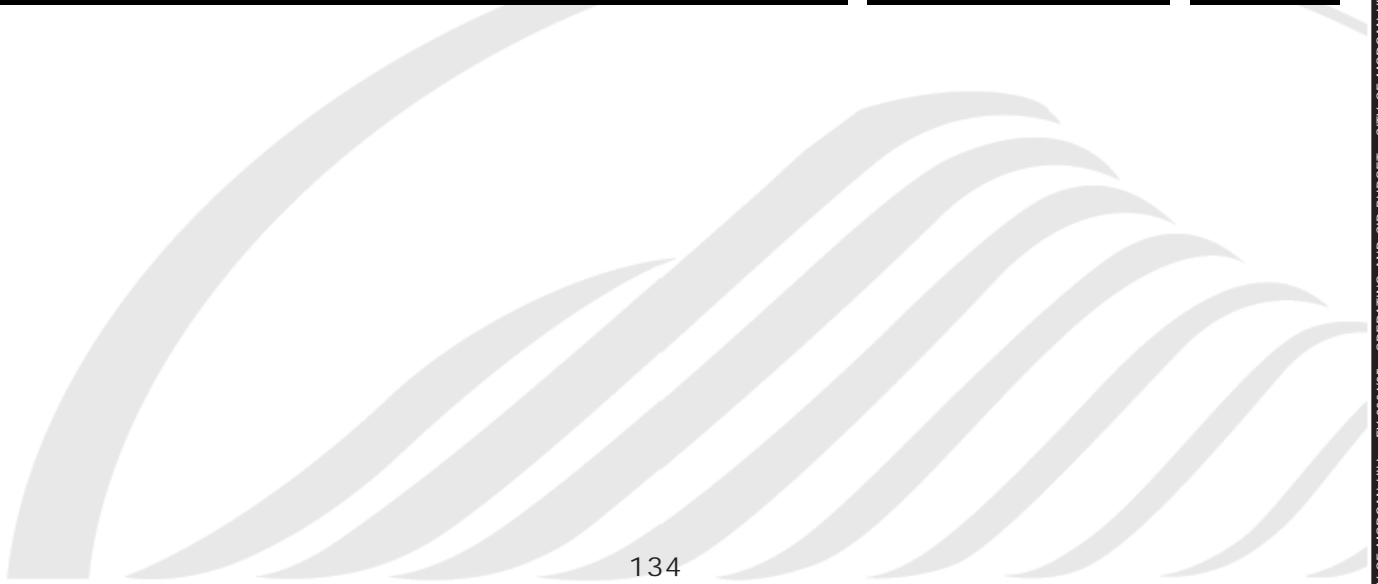
- Assist all departments with publicizing their programs and events as funding allows

FINANCIAL COMMENTS

No new expenditures or new programs are being proposed. The budget for this activity has been reduced substantially in order to meet the City's Sustainable Budget Strategy. For FY 2004/05 City Visions will be combined with the Recreation Guide as a cost savings strategy.

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Pages of City Visions produced	72	64	48
• Dollars (not inclusive of staffing) spent on producing City Visions.	\$57,364	\$50,710	\$27,900
• Dollars per page of City Visions produced and distributed.	\$797	\$792	\$581

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Recreation

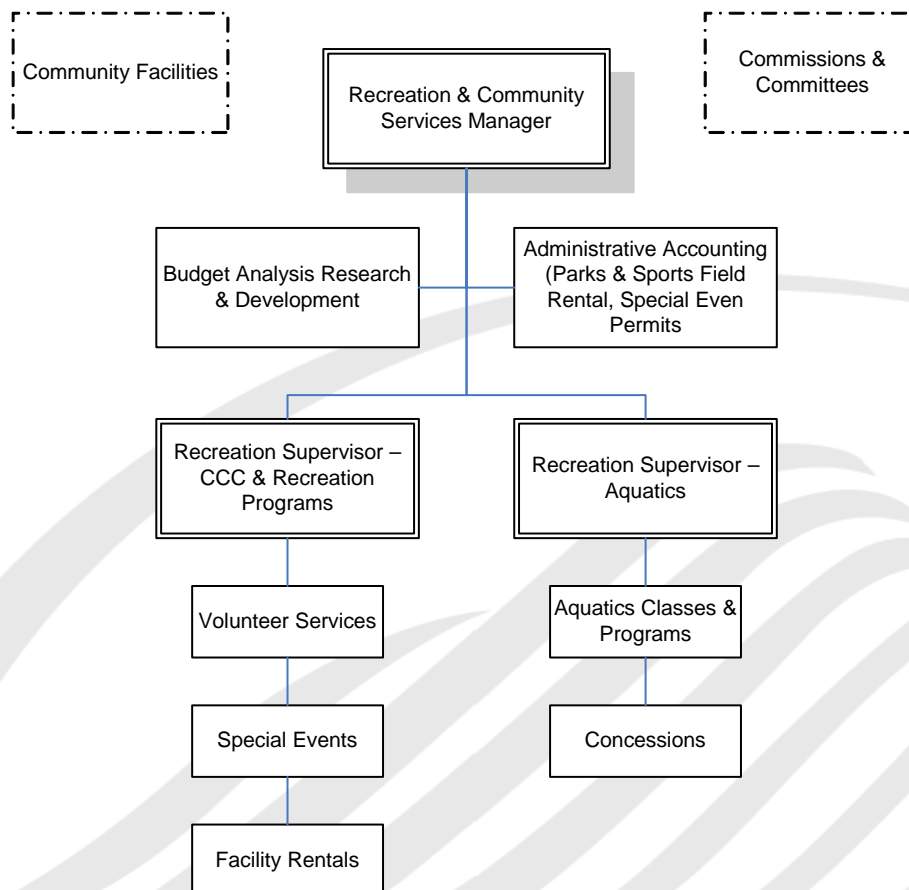
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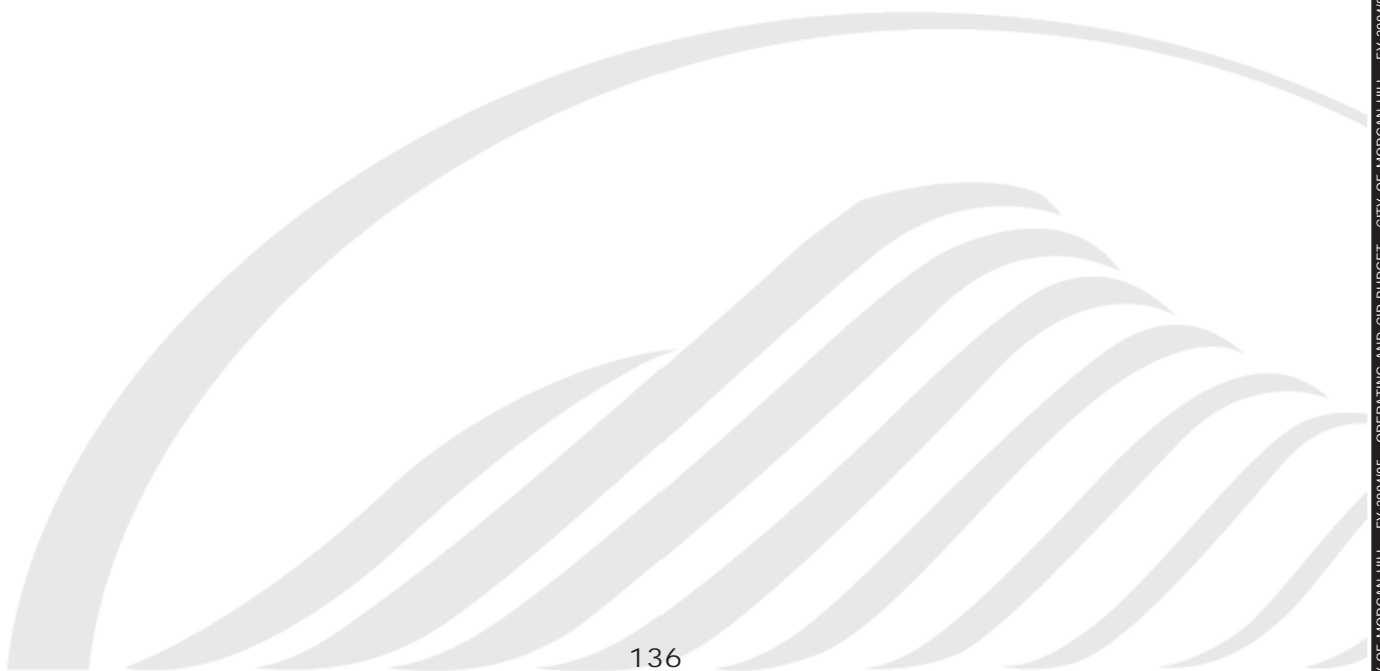
Appropriations Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	410,660	592,340	978,402	864,531	1,255,327
Supplies & Services	153,604	269,036	533,519	450,228	550,773
Capital Outlay	7,044	186,156	71,879	56,831	29,000
Debt Services	486	482	-	-	-
Internal Service	27,355	50,925	35,023	35,023	973,497
Transfers Out	-	-	-	-	-
Project Expenditure	-	-	-	-	-
RECREATION	599,148	1,098,940	1,618,823	1,406,613	2,808,597

010 2110 RECREATION	554,987	522,839	463,468	587,589	285,551
010 2115 CULTURAL CENTER	-	549,588	766,023	519,743	1,287,874
010 2120 AQUATICS CENTER	-	-	354,890	276,354	1,179,260
010 2210 VOLUNTEER PROGRAM	44,161	26,512	34,442	22,927	55,912
DEPARTMENT TOTAL	599,148	1,098,940	1,618,823	1,406,613	2,808,597

¹ FY03/04 Adopted Budget: \$1,503,058





[010-2110] Recreation and Community Services

ACTIVITY DESCRIPTION

The Recreation and Community Services Division (RCSD) is responsible for implementing a wide range of recreation and leisure services desired in the community. The Division staffs the Parks and Recreation Commission and Library Commission as well as the Youth Advisory Committee and the Senior Advisory Committee. The Recreation Division strives to provide a wide range of leisure experiences including classes, special events, and community programming. Using the master plan as a guide, the Recreation Division promotes programming in the following areas: visual and performing arts; summer park programs; youth-oriented field trips; special events and City Festivals; and the youth scholarship program. Recreation Services has taken a lead or significant role in several public community projects including business plans, site selection, conceptual design, applying for outside funding resources, and facility operator considerations for the following capital projects: Library, Indoor Community Recreation Center, Aquatics Center and Sports Complex. Upon moving into the new Community and Cultural Center in FY02/03, the Recreation Division added facility rentals as one of its primary functions. Facility rentals includes rental of the various rooms located in the Community Center, Community Playhouse, Amphitheater and Children's Pavilion. The Division also continued to provide recreation and leisure classes at the Community Center. In FY03/04, participation in recreation classes increased over 300% over FY 02/03. The RCSD expanded in FY03/04 by the addition of the Aquatics Center. During FY03/04 the Division added an Aquatics Supervisor, Recreation Coordinator-Aquatics, Pool Technician. Over 40 part-time temporary Recreation Leaders, Lifeguards and Swim Instructor were also hired. The Grand Opening of the Aquatics Center is scheduled for the end of FY03/04.

In FY04/05 the RCSD will change its structure in order to increase efficiency and improve tracking and monitoring of revenue streams through fee class enrollment and facility rentals. Costs associated with the overall administration of the RCSD will be attributed to department code 2110. These costs include 50% of the RCSD Manager's compensation and 50% of the Management Analyst's compensation. In addition to personnel costs, the costs associated with administration of three Commissions/Committees will be charged to RCSD administration. These include the Parks and Recreation Commission, Library Commission and Senior Advisory Committee. Administration and supervision of the following capital improvement projects will also be charged to RCSD administration: Indoor Recreation Center, Library, Sports Complex, and the Sobrato Soccer Complex.

All costs associated with facility rentals, fee-based classes and community programs will be charged to department code 2115-Community and Cultural Center. This includes personnel responsible for facility rentals, classes and programs. Revenue received for facility rentals and fee based classes will be credited to the Community and Cultural Center.

In accordance with the City Manager's, "Guide to Developing a Sustainable Budget Strategy", the RCSD has identified \$140,000 in General Fund budget reductions for FY04/05. These include the following:

- \$30,000 reduction in hours allocated for the 2 Temporary Event Coordinator positions
- \$17,500 for the elimination of the subsidized Summer Playground Program
- \$16,000 for the elimination of the community services component of the Administrative Analyst position
- \$44,000 reduction in RCSD by redistributing the work of the Management Analyst position. The position will now be 50% RCSD and 50% Community Development
- \$25,000 for the elimination of front office hours staffed by temporary employees
- \$7,500 for elimination of After-School Program (includes temporary staff and supplies)

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- Implemented successful subsidized Summer Recreation Program June-Aug 2003 at the Community & Cultural Center with over 500 participants
- Increased recreation class offerings from 175 to over 300 classes
- Facility rentals continued to grow. By January 2004, all Saturday dates through December 2004 had been reserved for parties and special events.
- Held successful Summer Concert Series in Amphitheater with over 3000 participants
- Held over 18 city-wide festivals and celebrations in calendar year 2003
- Served as lead agency and submitted grant application for Cycle III of the state wide competitive Prop 14 Bond for library construction
- Hired Aquatics Supervisor for Aquatics Center
- Hired Recreation Coordinator and Office Assistant II for Aquatics Center
- Hired Pool Technician for Aquatics Center
- Held a Job Fair to recruit and hire Lifeguards, Swim Instructors, and Recreation Leaders for both Aquatics Center and Recreation Programs.
- Held 4th Annual Art ala Carte at Community and Cultural Center with over 1000 participants
- Volunteer Services moved to Recreation Division from Human Resources
- Served as staff to Library Sub-Committee to identify site for new Morgan Hill Library
- Negotiated contract with Morgan Hill Aquatics Foundation for operation of Aquatics Center during winter months
- Acquired recreation software, RecWare Safari for tracking and monitoring class registrations, revenue received, refunds processed and scheduling of park reservations and sports field scheduling. Will also provide on-line registration
- Showcased the Center through the Evening of the Arts program bringing in talent from all over Silicon Valley to market as a performing venue

- Begin design plans for new 28,000 square foot Morgan Hill Library following City Council direction
- Complete operational plan for Indoor Recreation Center
- Begin negotiations with South Valley Civic Theater for rental of Community Playhouse. Current contract expires December 31, 2005.

- Implement Summer Recreation Program at both the Community and Cultural Center and Aquatics Center
- Begin sports complex design phase
- Support all activities at Aquatics Center during first season to ensure 100% cost recovery
- Continue to provide support in identification of new site for new library
- Support Sobrato Soccer Complex located adjacent to high school in San Jose Greenbelt

Beginning in FY 04/05 all personnel and supplies expenditures for Recreation Administration will be charged to department code 2110.

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[010-2115] Community and Cultural Center

ACTIVITY DESCRIPTION

The Community and Cultural Center will continue to be the focal point for performing, visual, and creative arts for the Morgan Hill community. The center was designed with artistic expression in mind and will accommodate dance, movement, ballet and yoga in the dance room; ceramics and jewelry arts in the ceramics room; art, watercolor, oils in the art room; as well as special banquets, special events, public receptions in the multi-purpose room. A separate children's activity room houses children's craft classes, Birthday Party packages, play interaction, introduction to music, and parent-child class offerings.

The outdoor amphitheater area, complete with a water-play feature is available for outdoor events and performances, as well as casual park use. Youth and adult classes, special events, City and community festivals, weddings, receptions and other community gatherings can take place in a variety of indoor and outdoor spaces at the Center. The Community Playhouse will continue to be the stage for theatrical and musical performances. The South Valley Civic Theater has been successfully incorporated as the Home Theater Company.

FY 2003/2004 HIGHLIGHTS

- Supported and supervised all facility rentals
- Implemented Birthday Party Package in Children's Pavilion
- Hired Part-time temporary Art Specialist to promote the arts at the Community and Cultural Center
- Received state-wide award in Facility Design-Community Centers from the California Parks and Recreation Society for the Community and Cultural Center
- Developed and implemented marketing strategy for Community and Cultural Center and Playhouse
- Redesigned website to include virtual tour of facility
- Revised Administrative Analyst's functions to include coordinating playhouse use to increase rentals
- Supported over 18 city-wide festivals and events held at the Community Center
- Acquired recreation/scheduling software, RecWare Safari, for tracking and monitoring all facility reservations revenue received, and refunds processed

FY 2004/05 WORKPLAN

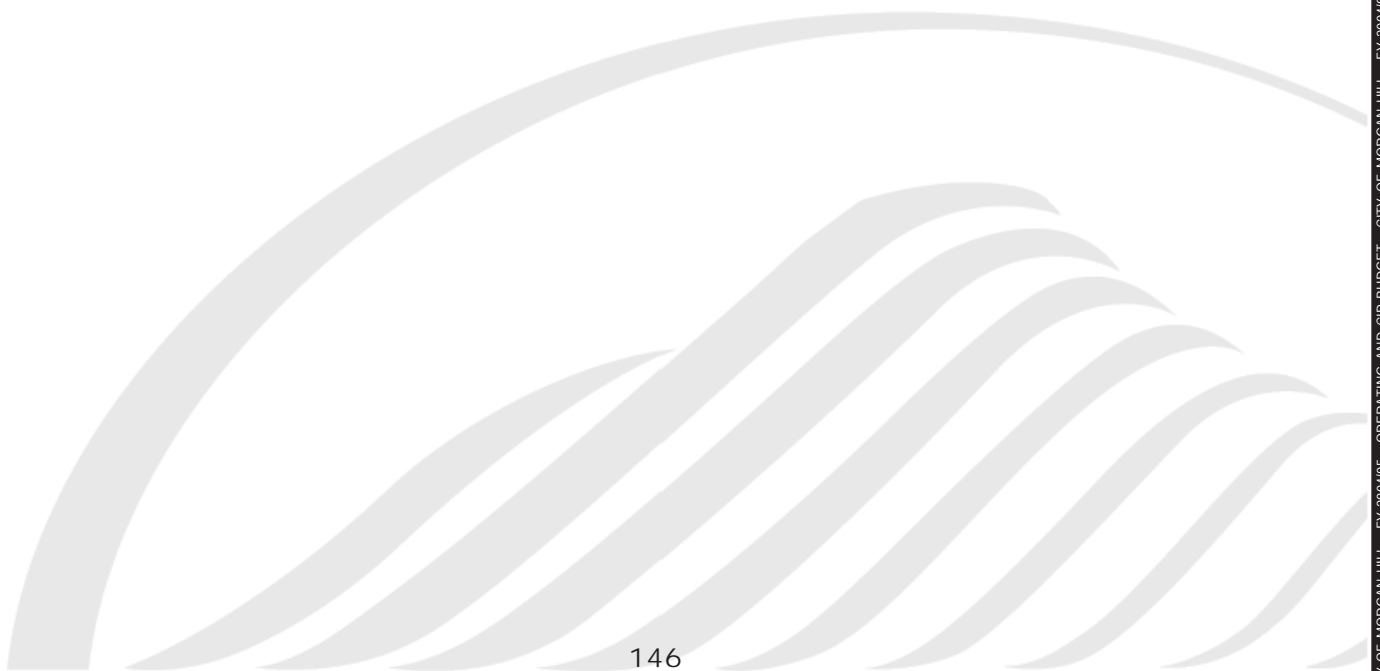
- Prepare report outlining issues and recommendations to fund scholarships and community programming without impacting the General Fund to include: corporate support, fundraisers, in-kind donations
- Community and Cultural Center Operations Review
 - Compile monthly information and outline issues and potential future development of the Community & Cultural Center
 - Assess recommendations and present report to PRC
 - Report to City Manager on issue review, strategic planning and capital needs

FY 2004/05 ACTIVITY GOALS

- Promote fine arts in partnership with Arts Council of Silicon Valley
- Continue to expand recreation class offerings
- Continue to increase facility rentals
- Implement marketing plan to target business community for facility rentals
- Support Aquatics Center first summer season

[010-2115] Community and Cultural Center

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	-	158,573	300,516	196,717	263,881
41270	SALARIES-PART-TIME	-	47,905	92,720	54,129	95,280
41320	SALARIES-OTHER PAYOUT	-	9,505	3,000	-	5,000
41490	OVERTIME-GENERAL	-	3,561	2,000	-	-
41560	UNEMP. INS	-	24	784	-	4,282
41620	RETIREMENT-GENERAL	-	5,403	14,360	-	35,496
41690	DEFERRED COMPENSATION	-	3,413	7,037	-	2,295
41700	GROUP INSURANCE	-	18,230	33,772	-	43,989
41701	MEDICARE	-	5,348	4,357	-	3,826
41730	INCOME PROTECTION INS	-	2,888	4,358	-	4,038
41760	WORKERS COMP	-	4,833	9,316	9,473	16,870
41799	BENEFITS	-	1,007	-	52,678	-
41000s	<<EMPLOYEE SERVICES>>	-	260,691	472,220	312,997	474,957
42208	ELECTRIC	-	22,850	-	-	-
42214	TELEPHONE	-	7,717	7,000	-	10,997
42231	CONTRACT SERVICES	-	38,198	177,215	92,812	140,739
42240	RENTALS - OUTSIDE	-	-	-	-	500
42244	STATIONERY & OFFICE SUPPLIES	-	1,548	10,000	4,100	10,450
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	1,200
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	500
42248	OTHER SUPPLIES	-	12,220	20,000	21,500	37,700
42250	ADVERTISING	-	2,324	15,706	15,000	18,600
42252	PHOTOCOPYING	-	-	-	450	500
42254	POSTAGE & FREIGHT	-	4	-	-	-
42408	TRAINING & EDUCATION	-	1,906	2,000	2,200	2,500
42423	MEMBERSHIP & DUES	-	255	2,000	350	400
42510	MAINT - BLDGS/IMPROVEMENTS	-	516	-	500	2,450
42000s	<<SUPPLIES & SERVICES>>	-	87,539	233,921	136,912	226,536
43825	MACHINERY/EQUIPMENT	-	4,799	29,879	24,304	17,500
43835	FURNITURE/OFFICE EQUIPMENT	-	175,000	2,000	1,500	1,500
43840	COMPUTER EQUIPMENT	-	-	-	6,027	-
43845	COMPUTER SOFTWARE	-	-	-	10,000	-
43000s	<<CAPITAL OUTLAY>>	-	179,799	31,879	41,831	19,000
45003	GENERAL LIABILITY INS	-	11,856	17,566	17,566	3,946
45004	BLDG MAINT SERVICES	-	-	-	-	551,198
45009	I.S. SERVICES	-	9,704	10,437	10,437	12,237
45000s	<<INTERNAL SERVICES>>	-	21,560	28,003	28,003	567,381
	COMMUNITY & CULTURAL CENTER	-	549,588	766,023	519,743	1,287,874



[010-2120] Aquatics Center

ACTIVITY DESCRIPTION

The Morgan Hill Aquatic Center opened to the public in May 2004. The Aquatic Center will be jointly operated with the Morgan Hill Aquatic Foundation, Inc. (a non-profit organization). The City of Morgan Hill will operate the Center during the summer months and the Aquatic Foundation will operate the Center during the winter. The Aquatics Center offers recreational swim as well as competitive events and exercise classes. A summer recreation camp is offered in partnership with recreation staff from the CCC. The Center is also available for special events such as corporate picnics, birthday parties and special events. The Aquatic Supervisor, Recreation Coordinator, Pool Technician, Office Assistant II and custodial staff will be housed at the Aquatic Center. The features of the Aquatic Center are outlined below:

1. A 5,316 square foot recreation activity pool, which includes a 4 tiered watercolor interactive play structure, a single slide adjacent.
2. An 800 square foot spray-ground with interactive play features in another area adjacent to a shaded picnic area.
3. A six-lane instructional pool that will be available for swimming lessons and open to the general public
4. A 50-meter deep-water pool will be available to team competition and practice uses as well for use by the general public.
5. Food concessions operated by the City
6. Lawn and deck area for special group rentals
7. Family changing rooms
8. Two event rooms for rental, birthday parties, training and class purposes.

FY 2003/2004 HIGHLIGHTS

- Hired Aquatic Center staff including Aquatic Supervisor, Recreation Coordinator, Pool Technician, and Office Assistant II
- Entered into agreement with Morgan Hill Aquatic Foundation, Inc. to operate the pools in the off-season.
- Planned and implemented Aquatic Center Grand Opening
- Developed marketing strategy for Aquatic Center
- Developed class and activity schedule to be included in Recreation Guide
- Held successful Job Fair in partnership with Recreation staff and HR to recruit and hire lifeguards, swim instructors, Recreation Leaders, and food concessions staff
- Trained life guards and swim instructor in water safety and CPR
- Established day-use and class fees
- Developed operating policies and procedures for Center
- Implemented RecWare Safari program so both centers would be compatible for class and activity registration regardless of location

FY 2004/2005 WORKPLAN

- Measure revenue received at 100 days, 6 months and 9 months against actual operational costs and make adjustments for maximum operating days with 100% cost recovery

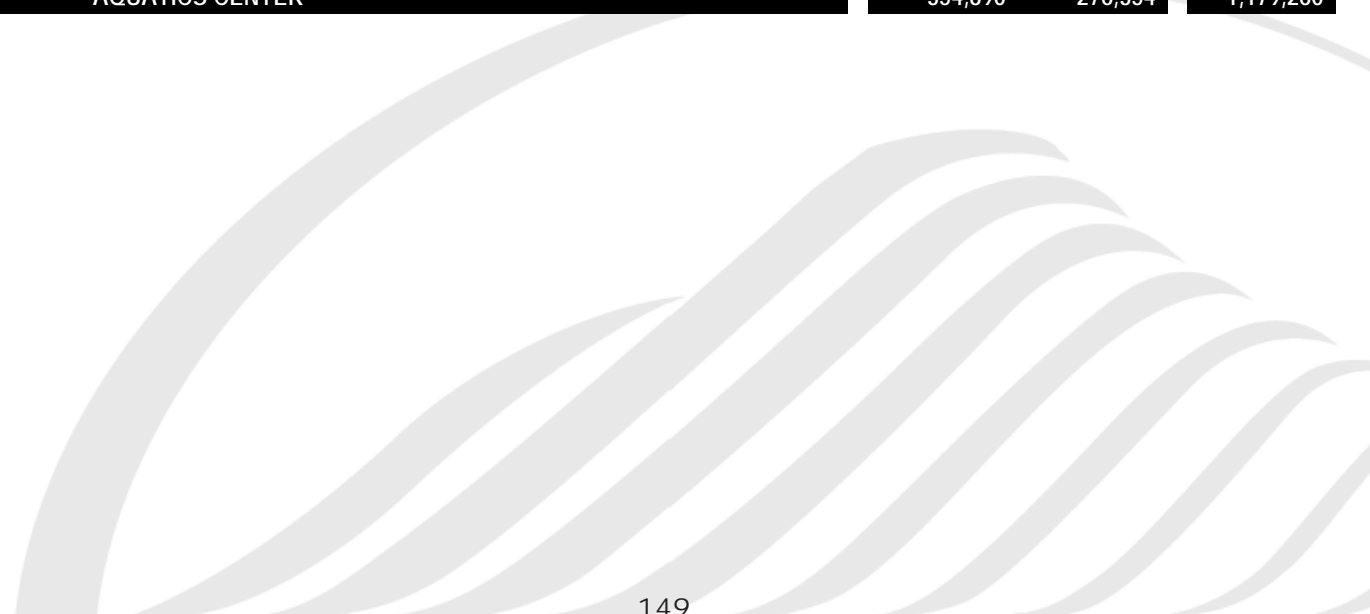
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- Implement Summer Recreation camp for youth
- Continue to implement marketing strategy to promote Aquatic Center in community
- Promote season passes to families and individuals for unlimited use throughout summer
- Acquire recreation software to provide touch screen point of sale service and photo ID cards for season pass holders
- Implement swim lessons
- Implement exercise classes
- Operation of concession stand as a revenue component for the Center
- Assist Morgan Hill Aquatic Foundation in transition from summer season operated by City to winter season operated by Foundation
- Hold 9 events targeted at youth and families during first summer season (Food & Family Fun Fest, Teen Howl, Dive-In Movie)
- Pursue exploring operational services to outside agencies as a cost cutting measure

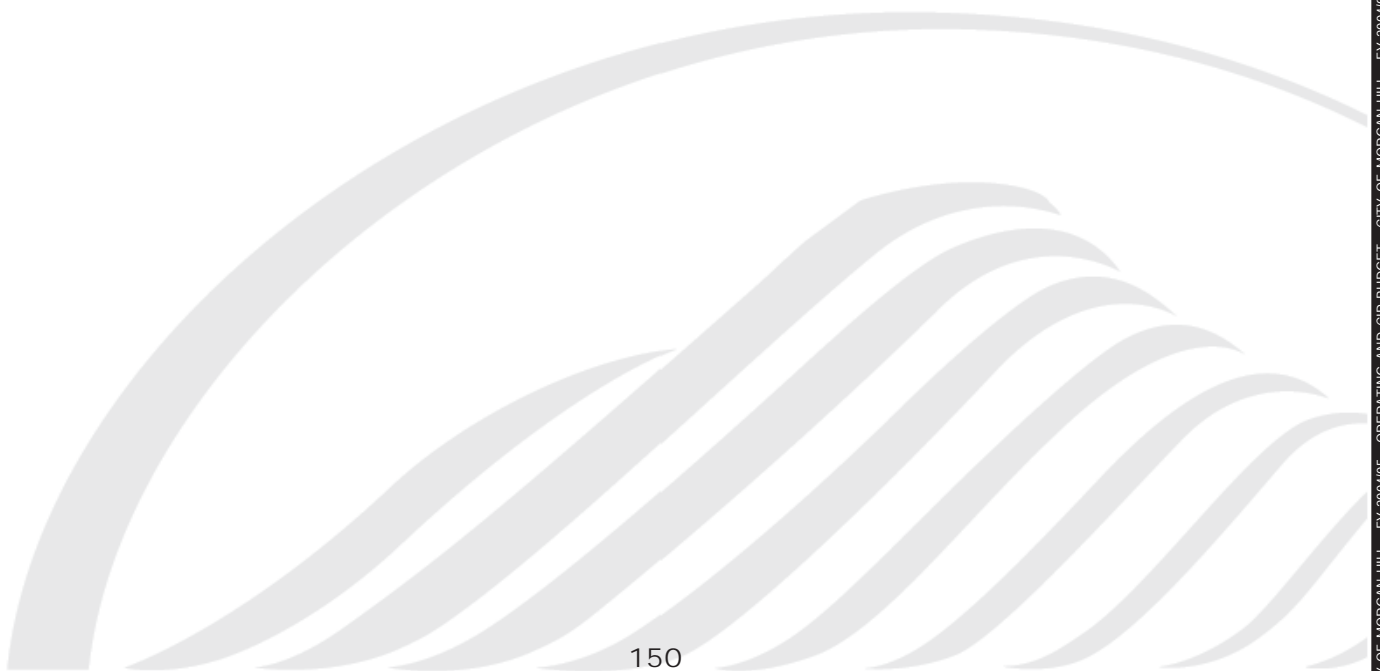
100% cost operational cost recovery for FY 04/05 to be achieved through programming, concession and partnership with Aquatic Foundation.

	FY 02/03	FY 03/04	FY 04/05
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number of participants	N/A	9,250	39,125
• Cost recovery of the concession	N/A	N/A	100%

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[010-2210] Volunteer Services

ACTIVITY DESCRIPTION

Formally established in 1995, the Volunteer Services Program (VSP) is responsible for the recruitment, assignment, orientation, training, and recognition of City of Morgan Hill volunteers.

FY 2003/04 HIGHLIGHTS

- Placed long-term and short-term volunteers in all City departments to assist staff with special events, special projects, data entry, records maintenance, bulk mailings, filing, parks projects, landscaping, curb painting, and sand-bagging.
- Continued to promote volunteer opportunities with local non-profit organizations by making referrals when appropriate, networking, and updating the South County Volunteer Opportunities brochure.
- Coordinated the Adopt-a-Planter Program; now in its fifth year and involving approximately 75 City volunteers.
- Partnered with Community Solutions and sponsored a holiday Giving Tree where gifts and food for over 150 individuals were provided by staff and citizens
- Coordinated the adoption of Civic Center Park by Leadership Morgan Hill, Class of 2004.
- Moved Volunteer Services from Human Resources to RCSD

FY 2004/05 ACTIVITY GOALS

- Strengthen the volunteer program in the Police Department with the development of an all-volunteer Neighborhood Watch program as well as additional opportunities for citizen involvement.
- Continue to create, promote and support meaningful volunteer opportunities and placements of a diverse group of volunteers in all City departments and in community organizations by internal networking and community outreach.
- Increase internal and external promotion of the Volunteer Program through the City's website and personal contact with citizens and staff.

FINANCIAL COMMENTS

The financial activity associated with the Volunteer Services Program is reflected within the General Fund in 2004/05.

PERFORMANCE MEASURES	FY 03/04	FY 04/05	FY 05/06
	ACTUAL	PROJ.	GOAL
• Number of external requests for municipal volunteer opportunities to the number of actual placements	40 to 25	45 to 30	N/A
• Number internal requests for volunteers to the number of actual placements	20 to 19	25 to 20	N/A

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Appropriations Summary

010 2200 HUMAN RESOURCES	492,204	546,316	582,687	558,309	485,417
DEPARTMENT TOTAL	492,204	546,316	582,687	558,309	485,417

Human Resources Director

Human Resources

[010-2200] Human Resources

ACTIVITY DESCRIPTION

The Human Resources Department provides all employment-related services to City departments and employees, and implements Federal, State, and court mandates and requirements related to employment. These services include: designing and coordinating City-wide training and development for employees; managing City-wide organizational development efforts; leading the City's Employee Recruitment and Retention Committee; recruiting and selecting qualified employees; administering the City's benefit programs; administering workers' compensation and safety programs; maintaining the City's classification and salary structure; negotiating and administering the various memoranda of understanding (MOUs) between the City and employee unions; and problem-solving and employee assistance activities.

The Human Resources Department maintains all personnel files and records, including the performance evaluation records. (Note: though managed by the Human Resources Department, workers' compensation and unemployment insurance details can be found in separate areas of the budget document as the finances of those programs are tracked separately.) The Human Resources Department takes the lead in guiding the City to reach its vision as an organization that EXCELS at meeting challenges, ENCOURAGES innovation, PROVIDES opportunities for professional growth, and RECOGNIZES the contributions of employees.

FY 2003/04 HIGHLIGHTS

Training and Organizational Development

- Provided Safety in the Workplace, Customer Service and Conflict Management Training to all front-line employees
- Provided team training to several intact work groups including communication and conflict resolution skills
- Provided HR Office training to all HR staff

Employee Relations

- Implemented the changes from the three new MOUs effective July 1, 2004 and the 03-04 Management Resolution
- Conducted regular and as-needed HR office hours out in the departments
- Assisted departments with employee discipline and other issues

Employee Recruitment and Selection

- Conducted recruitment and selection processes for new, regular aquatics positions
- Designed and operated Aquatics Job Fair with the help of other City departments in order to meet the large seasonal staffing needs for aquatics and the CCC

Benefits Administration/Employee Safety and Wellness

- Met with all City employees in individual meetings during open enrollment to explain benefits and update emergency contact information
- Changed benefits broker to provide enhanced service to employees and achieved an increase in dental benefit for employees for less premium
- Participated in a consortium (Bay Area Medical Review Group) to review health benefit insurance options

Administrative Support

- Completed recording of personnel records for storage

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- Plan and conduct recruitment and selection process for new Community Development Director
- Improve and streamline PAF “Personnel Action Form” policies, procedures and process
- Negotiate new labor agreements with AFSCME and CSOA
- Conduct an in-depth analysis of alternative medical benefits

Training and Organizational Development

- Continue to provide necessary and enhanced training opportunities in order to maintain and develop employee knowledge, skills and abilities
- Increase opportunities for communicating internal information to all employees
- Continue to facilitate the Employee Recruitment and Retention Committee

Employee Relations

- Continue to provide opportunities for HR staff to meet employees where they work and develop strong relationships with employees, supervisors and managers.
- Continue to build strong relationships with the bargaining units

Employee Recruitment

- Continue to respond to the needs of City departments when vacancies occur
- Design and provide recruitment and selection processes that are cost effective and result in hiring the best employee

Benefits Administration/Employee Safety and Wellness

- Partner with other municipalities to provide safety training at lower cost to the City
- Continue to monitor and review all workplace accidents in order to maintain a safe and healthy workplace

Administrative Support

- Evaluate the HR assistant duties in light of loss of .5 position to determine most effective and efficient use of assistant's time

FINANCIAL COMMENTS

Some changes were made to the Human Resources Department budget for FY 2004/05:

- The funding for all employee events except for the Employee Recognition Program was eliminated
- The funding for City-wide training was not reduced so the City may continue to provide necessary and enhanced training for all employees
- Funding for HR-related contract services is once again decreased
- Advertising expenditures were eliminated to reflect the slower pace of recruitment efforts
- The position of HR Supervisor was eliminated from the budget effective 12/31/04 and .5 HR Assistant position was eliminated from the budget effective 7/1/04

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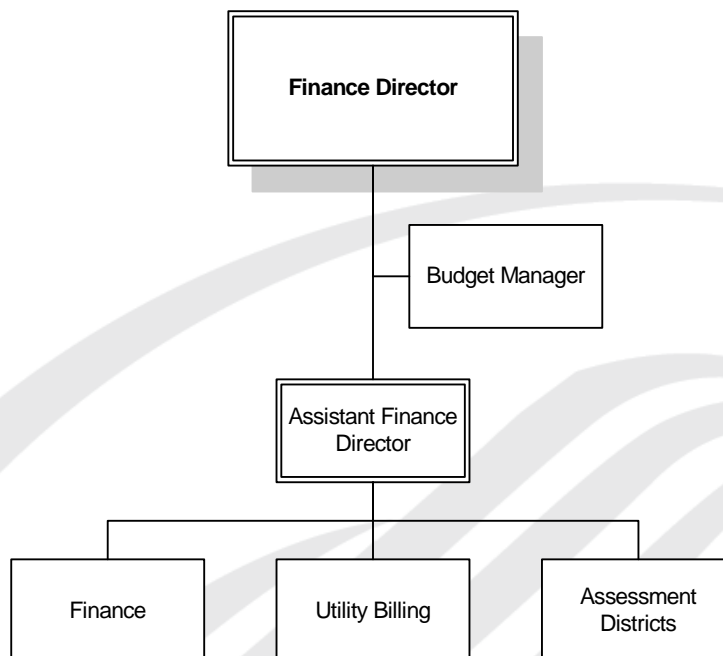
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[010-2510] [650-5750]

	01/02	02/03	03/04	03/04	04/05
	Actuals	Actuals	Current Budget ¹	Estimated Actuals	Adopted Budget
Salaries	768,591	844,614	909,807	909,297	991,209
Supplies & Services	308,405	198,386	237,968	228,228	229,844
Capital Outlay	14,190	89,329	-	-	-
Debt Services	130,540	138,393	-	-	-
Internal Service	104,492	129,943	138,311	138,311	98,555
Transfers Out	372,877	-	-	-	-
Project Expenditure	-	-	-	-	-
FINANCE	1,699,095	1,400,664	1,286,086	1,275,836	1,319,608

010 2510 FINANCE	1,035,012	1,005,030	891,223	914,962	927,325
650 5750 UTILITY BILLING	291,206	395,634	394,863	360,874	392,283
720 2510 FINANCE	372,877	-	-	-	-
DEPARTMENT TOTAL	1,699,095	1,400,664	1,286,086	1,275,836	1,319,608

¹ FY03/04 Adopted Budget: \$1,280,776



[010-2510] Finance

ACTIVITY DESCRIPTION

The Finance Department maintains the financial records of the City and prepares financial and statistical data applicable to all funds of the City and Redevelopment Agency (RDA). Responsibilities include cash management; investment; budgeting; financial forecasting; accounting; cashiering operations; business license administration; debt service management; payroll; purchasing; payables; receivables (including billing and collection of City accounts); providing financial system information and support to other departments; and risk management.

The Finance Department works closely with the City Treasurer to assure timely and appropriate investment of City funds, in compliance with the City's Investment Policy; to implement efficient cash management procedures to minimize idle cash holdings; to maintain banking relationships for City business; and to address financial issues related to the concerns of the Finance and Audit Committee and City Council.

FY 2003/04 HIGHLIGHTS

- Prepared annual financial statements in GASB 34 format, including 'Management's Discussion and Analysis', new government-wide financial statements and additional budgetary reporting.
- The City received awards from the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) for achieving the highest standards in governmental accounting and financial reporting for our FY 2002/03 Comprehensive Annual Financial Report.
- The City received awards from CSMFO and GFOA for excellence in budgeting for our FY2003/04 budget.
- Reviewed records retention requirements and procedures for efficiency and effectiveness
- Prepared analysis and study to update community development fees; development impact fees; water user fees; and all other fees collected by the City.

FY 2004/05 WORKPLAN

- Financial System Software Upgrade: Develop agreements, implementation plan and data conversion to migrate to a new system by January 31, 2005.
- Update administrative policy on purchasing and provide information to departments on changes and implementation of revised purchasing ordinance.
- Evaluate customer service quality in the areas of utility billing, business licensing, payroll accounting and reporting, accounts payable and purchase order processing.
- Conduct comprehensive physical inventory of fixed assets.

FY 2004/05 ACTIVITY GOALS

- Work with all departments to take a comprehensive physical inventory of fixed assets.
- Review the need for the scheduled January 1, 2005 water rate increase by analyzing the current financial condition of the water enterprise; report to the City Council on the need to implement the planned 2% increase.

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	FY 02/03	FY 03/04	FY 04/05
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Staff hours designated for Accounts Payable	1,800 hours	1,800	1,357
• Number of invoices processed	13,885	13,377	12,500
• % of invoices paid by due date	91%	84%	95%
• Average time to process an invoice	7.71 minutes	8.04	6.51

[010-2510] Finance

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	442,059	504,007	537,937	499,810	550,556
41210	SALARIES-ELECTED/APPT	2,400	2,409	2,400	2,400	2,400
41270	SALARIES-PART-TIME	39,495	43,507	-	40,191	-
41320	SALARIES-OTHER PAYOUT	11,043	8,449	12,000	12,000	13,000
41490	OVERTIME-GENERAL	2,279	180	-	1,602	-
41560	UNEMP. INS	-	45	1,125	-	2,088
41620	RETIREMENT-GENERAL	18,742	21,454	34,630	-	66,590
41690	DEFERRED COMPENSATION	9,622	11,163	10,135	-	10,537
41700	GROUP INSURANCE	38,321	47,781	51,897	-	68,558
41701	MEDICARE	6,063	6,524	7,800	-	7,983
41730	INCOME PROTECTION INS	6,500	8,288	6,391	-	6,366
41760	WORKERS COMP	11,713	13,041	16,125	16,105	22,201
41799	BENEFITS	1,957	1,927	-	130,176	-
41900	CONTRACT LABOR	4,179	-	-	-	-
41000s	<<EMPLOYEE SERVICES>>	594,371	668,776	680,440	702,284	750,279
42214	TELEPHONE	9,432	8,062	9,500	6,350	8,500
42231	CONTRACT SERVICES	151,204	39,695	35,500	35,500	46,560
42233	AUDIT FEES	16,705	16,198	18,715	18,500	15,000
42236	BANK CARD SERVICE FEE	17,522	21,933	22,000	37,800	5,600
42244	STATIONERY & OFFICE SUPPLIES	22,046	17,127	21,615	18,550	20,615
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	5,500
42248	OTHER SUPPLIES	11	300	-	-	-
42250	ADVERTISING	410	1,497	500	500	500
42252	PHOTOCOPYING	146	101	1,750	1,490	1,750
42254	POSTAGE & FREIGHT	6,815	7,625	7,300	8,000	8,000
42257	PRINTING	6,336	4,883	6,700	3,500	4,700
42261	AUTO MILEAGE	203	253	300	190	300
42265	AUTO ALLOWANCE	(37)	-	-	-	-
42408	TRAINING & EDUCATION	1,867	2,419	4,000	2,000	4,000
42415	CONFERENCE & MEETINGS	2,673	2,798	4,000	2,000	4,000
42423	MEMBERSHIP & DUES	1,180	625	975	820	900
42435	SUBSCRIPTION & PUB.	1,380	482	600	500	500
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	2,052	1,515	500	150	150
42000s	<<SUPPLIES & SERVICES>>	239,944	125,514	133,955	135,850	126,575
43835	FURNITURE/OFFICE EQUIPMENT	1,701	-	-	-	-
43840	COMPUTER EQUIPMENT	6,333	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	8,035	-	-	-	-
44994	LEASE PAYMENTS	130,429	138,288	-	-	-
44000s	<<DEBT SERVICE>>	130,429	138,288	-	-	-
45003	GENERAL LIABILITY INS	9,442	7,878	5,579	5,579	3,520
45004	BLDG MAINT SERVICES	34,716	40,381	55,594	55,594	33,185
45009	I.S. SERVICES	18,075	24,193	15,655	15,655	13,766
45000s	<<INTERNAL SERVICES>>	62,234	72,453	76,828	76,828	50,471
	FINANCE	1,035,012	1,005,030	891,223	914,962	927,325

[650-5750] Utility Billing

ACTIVITY DESCRIPTION

The Utility Billing Division is responsible for the monthly billing of fees for water and sewer services. With a customer base of more than 12,000 users, the Division continues to emphasize customer service, assisting customers with opening and closing accounts, assisting customers at the counter with payments and questions, providing customer service on the telephone to answer questions regarding account status and accepting credit card payments. Utility Billing staff also responds to general Finance inquiries and refer City customers to appropriate departments.

FY 2003/04 HIGHLIGHTS

- Continued to market and expand the direct pay payment option for customers to pay utility costs electronically.
- Reviewed record retention policies for efficiency, space and need.
- Modified desk configurations for safety and improved customer service.

FY 2004/05 ACTIVITY GOALS

- Audit of customer accounts for appropriate billing rates and customer classifications within the software.
- Perform process review analysis for efficiencies and improved customer service with reduced staffing levels.

FINANCIAL COMMENTS

The Utility Billing Division falls within the responsibility of the Finance Department and is funded by water and sewer utility user fees.

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Annual staff hours processing utility bills	4,168	5,200	4,850
• Regular utility bills processed per year	134,270	138,384	139,000
• Percent of bills sent out error free	96.9%	99.0%	99.9%
• Average time to process a regular bill account ...	1.87minutes	2.26	2.10

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Police

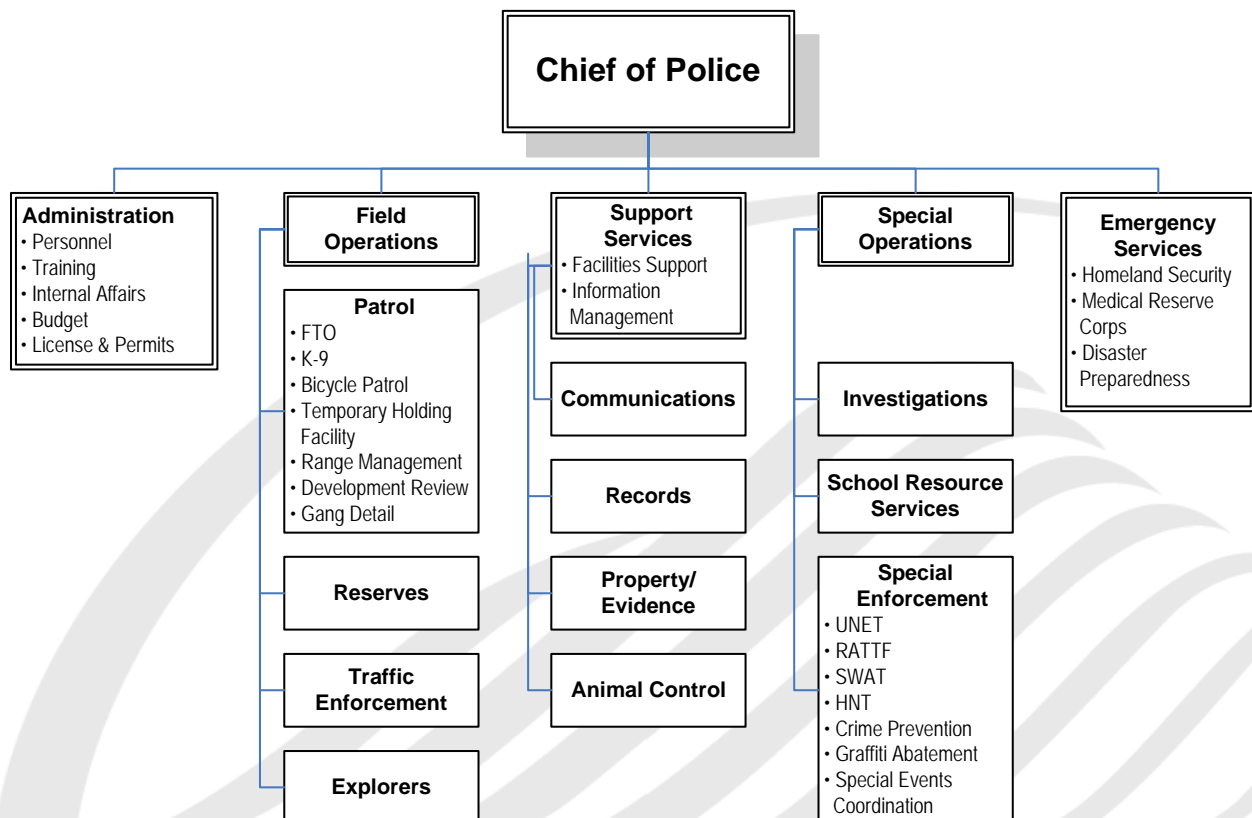
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[010-5450] [010-8270]

Appropriations Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	4,628,511	4,780,630	5,740,167	5,456,866	6,604,079
Supplies & Services	798,532	790,508	643,989	633,882	630,737
Capital Outlay	77,868	56,785	3,575	5,281	12,400
Debt Services	4,128	7,412	-	-	79,000
Internal Service	368,588	407,362	424,569	424,569	662,034
Transfers Out	-	-	-	-	-
Project Expenditure	60,000	-	-	-	-
POLICE	5,937,627	6,042,697	6,812,300	6,520,598	7,988,250

010 3205 PD-ADMINISTRATION	574,079	418,289	491,711	505,251	614,784
010 3210 PD-FIELD OPERATIONS	2,725,596	3,056,723	3,274,188	3,119,403	4,106,920
010 3225 PD-SUPPORT SERVICES	1,102,075	842,097	897,092	897,075	949,449
010 3230 PD-EMERGENCY SERVICES	42,250	51,309	33,858	40,379	46,252
010 3245 PD-SPECIAL OPERATIONS	985,481	840,131	1,179,974	1,097,887	1,195,840
010 5450 ANIMAL CONTROL SERVICE	68,259	104,119	76,159	78,100	86,078
010 8270 DISPATCH SERVICES	439,887	730,030	859,318	782,503	988,927
DEPARTMENT TOTAL	5,937,627	6,042,697	6,812,300	6,520,598	7,988,250

¹ FY03/04 Adopted Budget: \$6,740,507



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Administration provides planning and coordination, budget management, coordination of internal affairs matters, special events planning and management, and other administrative needs to the Department. Administration Division staff also oversee or coordinate volunteer services, personnel and training issues and emergency and disaster preparedness activities.

FY 2003/04 HIGHLIGHTS

- As a direct result of the Department reorganization in FY2002/03 a new Lieutenant was hired and assigned to the Special Operations Division.
- The Police Chief retired in December 2003 and was replaced by an Interim Police Chief in January 2004.
- Three Police Officers retired this fiscal year and were replaced by newly hired Officers.
- Construction on the new Police Facility on Vineyard Boulevard was completed.
- A comprehensive review and update of the General Orders, which comprise the policies and procedures within the Department, continued throughout the year.
- Completed Emergency Operations Plan.

FY 2004/05 WORKPLAN

- New Police Facility
- Mobile Communications Terminal Update-Year 1 of 3
- Citizen Satisfaction Survey
- SLETS & CJIC Terminals Deployment-Phase 3
- Update Department Training Schedule
- County Communication Compatibility Projects-Phase 3
- Update General Orders

FY 2004/05 ACTIVITY GOALS

- Hire a permanent Police Chief.
- Ensure that all objectives of the police grant programs are achieved through FY 2004/05

FINANCIAL COMMENTS

The Employee Services activity includes step/benefit increases.

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[010-3205] Police Administration

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	89,347	204,681	338,757	209,046	343,532
41160	SALARIES-SAFETY	229,247	92,002	-	71,103	-
41270	SALARIES-PART-TIME	-	-	-	62,675	-
41320	SALARIES-OTHER PAYOUT	40,411	14,661	23,000	23,000	23,000
41490	OVERTIME-GENERAL	-	-	500	-	500
41560	UNEMP. INS	21	25	592	-	1,144
41620	RETIREMENT-GENERAL	6,117	8,589	22,918	-	57,726
41690	DEFERRED COMPENSATION	9,659	8,597	8,396	-	8,263
41700	GROUP INSURANCE	19,481	23,691	28,921	-	28,090
41701	MEDICARE	4,850	4,568	4,912	-	4,981
41730	INCOME PROTECTION INS	3,497	4,953	3,822	-	3,909
41760	WORKERS COMP	18,434	13,626	23,480	23,406	23,263
41799	BENEFITS	-	-	-	82,278	-
41800	UNIFORM	2,493	1,635	1,600	500	2,520
41000s	<<EMPLOYEE SERVICES>>	423,557	377,029	456,898	472,008	496,928
42231	CONTRACT SERVICES	68,487	22,427	17,070	16,000	17,070
42244	STATIONERY & OFFICE SUPPLIES	160	104	200	150	200
42248	OTHER SUPPLIES	1,068	469	500	500	500
42250	ADVERTISING	2,881	-	1,800	1,800	1,800
42252	PHOTOCOPYING	-	-	-	100	200
42254	POSTAGE & FREIGHT	29	58	100	-	100
42257	PRINTING	929	17	300	425	300
42261	AUTO MILEAGE	38	44	110	400	350
42299	OTHER EXPENSE	45	146	150	230	300
42408	TRAINING & EDUCATION	1,860	1,823	2,500	2,500	2,250
42415	CONFERENCE & MEETINGS	1,956	1,405	1,280	500	780
42423	MEMBERSHIP & DUES	852	800	800	800	875
42435	SUBSCRIPTION & PUB.	86	197	300	300	300
42523	MAINT - MACHINE/EQUIPMENT	150	-	100	-	-
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	-	-	65	-	5,500
42000s	<<SUPPLIES & SERVICES>>	78,539	27,492	25,275	23,705	30,525
43835	FURNITURE/OFFICE EQUIPMENT	1,616	-	-	-	-
43840	COMPUTER EQUIPMENT	810	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	2,426	-	-	-	-
44990	PRINCIPAL	-	-	-	-	79,000
44000s	<<DEBT SERVICE>>	-	-	-	-	79,000
45003	GENERAL LIABILITY INS	9,557	13,768	9,538	9,538	8,331
45000s	<<INTERNAL SERVICES>>	9,557	13,768	9,538	9,538	8,331
86420	LOAN AMOUNT	60,000	-	-	-	-
86000s	<<PROJECT EXPENDITURES>>	60,000	-	-	-	-
	POLICE-ADMINISTRATION	574,079	418,289	491,711	505,251	614,784

[010-3210] Police Field Operations

ACTIVITY DESCRIPTION

The primary responsibility of the Field Operations Division is to respond to emergency and non-emergency calls for service and to provide traffic enforcement and community oriented police services. Division personnel conduct preliminary criminal investigations and the necessary follow-up investigations for most incidents. Follow up investigations of the most critical and serious crimes are conducted by patrol personnel in collaboration with the Special Operations Division. In addition, patrol officers are responsible for working with community members to identify and resolve community problems, either through formal problem oriented policing projects or by directed patrol and targeted enforcement. Targeted enforcement includes the use of a variety of strategies including a canine officer, foot and bicycle patrols where appropriate.

Within the Field Operations Division, specially trained officers participate as canine handlers, field training officers, bicycle officers and traffic officers. The Reserve Officer program is also within the Field Operations Division. Reserve Officers are volunteers who receive training nearly identical to regular officers and augment regular patrol activities.

FY 2003/04 HIGHLIGHTS

- Total calls for service have steadily increased from 2002 to 2004. Patrol response to priority calls remained within acceptable averages for the year.
- The State Supplemental Law Enforcement Services Fund of \$100,000 continues to support three civilian Community Safety Officers to augment sworn officers. By hiring CSOs, not only is there a budget salary savings, but officers now have time to perform directed patrol enforcement and self initiated activities. Currently there are two vacancies in the CSO position. The Department has started the process of upgrading the CSO position to a Multi-Service Officer (MSO) for the additional duties of booking and transportation of prisoners
- Traffic enforcement was limited to one DUI check point during the holiday season. Thirty-eight DUI arrests were made during the Avoid The 13 Campaign.
- Less than lethal Taser guns were introduced into the patrol function for use by supervisors.
- Implementation of the long rifles (AR-15) to the Patrol Division has increased capabilities to respond to critical incidents with a wider range of lethal and less than lethal options.

FY 2004/05 ACTIVITY GOALS

- Respond to emergency, life-threatening incidents within an average of 5 minutes and urgent calls for service within an average of 10 minutes
- Increase officer-initiated activity to be equal to or greater than the number of calls for service
- Undertake one long-term problem oriented policing project in cooperation with community members, with the effect of significantly improving the quality of life in the selected problem areas
- Identify one enforcement problem per patrol team, per quarter, and develop a plan to target patrol efforts and solutions
- Implement a plan for the Bicycle Patrol Officers to work jointly with the Bike Advisory Board to present at least two bike rodeos within the community.
- Develop and re-establish in-house expertise in areas of defensive tactics, range management and bicycle patrol operations.

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PERFORMANCE MEASURES

[010-3210] Police Field Operations

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	82,637	101,753	204,036	50,187	215,299
41160	SALARIES-SAFETY	1,597,563	1,824,606	1,975,003	1,854,988	2,086,032
41270	SALARIES-PART-TIME	26,698	38,687	1,000	2,319	3,500
41280	SALARIES-P.T.-REIMB	551	91	5,600	425	2,000
41310	SALARIES-OTHER	6,869	6,061	7,291	12,500	12,700
41320	SALARIES-OTHER PAYOUT	56,565	33,426	29,000	19,000	20,000
41490	OVERTIME-GENERAL	2,129	17,216	4,300	-	4,300
41500	OVERTIME-SAFETY	106,664	146,361	97,950	150,000	97,950
41505	OT-SAFETY-SPEC.PROJEC	18,084	8,868	15,600	6,660	15,600
41520	OVERTIME-REIMBURSABLE	28,705	17,833	22,000	22,000	22,000
41560	UNEMP. INS	127	130	3,848	-	7,705
41620	RETIREMENT-GENERAL	6,017	6,918	147,481	-	552,763
41630	RETIREMENT-SAFETY	904	2,213	-	-	-
41690	DEFERRED COMPENSATION	-	698	5,788	-	6,073
41700	GROUP INSURANCE	121,331	168,778	191,998	-	275,290
41701	MEDICARE	18,271	24,927	30,924	-	33,369
41730	INCOME PROTECTION INS	1,005	1,724	11,212	-	11,575
41760	WORKERS COMP	109,886	138,731	175,833	175,589	254,103
41799	BENEFITS	-	-	13,741	496,059	-
41800	UNIFORM	30,561	29,007	29,655	29,655	32,255
41810	UNIFORM-RESERVES	-	2,527	4,500	3,000	3,000
41000s	<<EMPLOYEE SERVICES>>	2,214,565	2,570,555	2,976,760	2,822,382	3,655,514
42214	TELEPHONE	2,070	722	-	-	-
42228	GASOLINE & OIL	30,967	26,168	42,000	35,000	34,500
42231	CONTRACT SERVICES	57,165	54,447	47,750	47,750	50,480
42240	RENTALS - OUTSIDE	10,000	-	310	500	450
42242	RENTS	10,318	8,452	-	-	14,764
42248	OTHER SUPPLIES	44,244	41,674	28,895	31,514	30,455
42250	ADVERTISING	730	-	1,000	3,405	3,000
42254	POSTAGE & FREIGHT	46	232	300	150	100
42257	PRINTING	2,495	1,788	2,500	2,725	2,500
42261	AUTO MILEAGE	16	-	100	100	100
42299	OTHER EXPENSE	196	718	200	475	200
42408	TRAINING & EDUCATION	26,824	22,259	24,000	24,000	24,000
42415	CONFERENCE & MEETINGS	-	2,000	240	240	240
42423	MEMBERSHIP & DUES	720	497	530	497	640
42435	SUBSCRIPTION & PUB.	468	1,082	790	1,120	1,280
42436	AB939 FEES	68	-	-	-	-
42523	MAINT - MACHINE/EQUIPMENT	893	926	4,670	500	5,670
42526	MAINT - AUTO/TRUCKS	73,577	86,128	67,598	72,500	65,000
42536	MAINT - OTHER	40	-	-	-	-
42550	FLEET REPLACEMENT	160,257	165,255	12,166	12,166	-
42000s	<<SUPPLIES & SERVICES>>	421,094	412,349	233,049	232,642	233,379

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[010-3225] Police Support Services

ACTIVITY DESCRIPTION

As its name implies, the Police Department Support Services Division encompasses a variety of functions that support the overall operations of the Department as well as providing customer service at the front counter of the Police facility. The functions included in this division are Records; Property/Evidence management; the Cadet Program; Dispatch Services; and Animal Control Services. Dispatch Services and the Animal Control Unit have separate program budgets. Police Records Specialists accomplish accurate and timely report and information processing for local, county, and State systems as required, and oversees the storage and processing of property and evidence pursuant to rigorous State requirements. Division personnel lend assistance to other divisions when supplementary personnel are required, such as animal licensing and the annual update of information collected from registrants who are required to report to the Police facility.

FY 2003/04 HIGHLIGHTS

- The records section of the Support Division was reduced by one full-time member due to medical leave. This left one full-time Police Records Specialist (PRS), with the other full-time PRS assigned to property/evidence. The four part-time PRSs are now working extra hours in order to keep current with records functions.
- The property/evidence unit conducted a follow up external audit which recommended extensive purging of property before the move to the new facility. The property/evidence unit continues to be staffed 35 hours per week by one full-time Police Records Specialist. Property eligible for disposal is being handled by an on-line auction company.
- Record personnel developed an extensive system for the recordation of sex registrants.
- Developed a Citizen Satisfaction Survey

FY 2004/05 ACTIVITY GOALS

- Complete purging of 1993 records currently stored in archives.
- Continue to staff property/evidence unit full-time, minimizing the time this Police Records Specialist can spend in the records front office.

FINANCIAL COMMENTS

The Employee Services activity includes step/benefit increases. As part of the FY04/05 budget reduction plan, one PT Police Records Specialist and two PT Police Cadets were eliminated.

PERFORMANCE MEASURES	FY 02/03	FY 03/04	FY 04/05
	ACTUAL	PROJ.	GOAL
• Number of hours per week dedicated to the property/evidence function	35	35	30
• Percent of property/evidence released or purged within 30 days of clearance	100%	100%	100%
• Percent of arrests entered into CJIC within 48 business hours of arrest date	100%	100%	100%
• Number of incident reports stored electronically	5,706	6,000	6,225

[010-3225] Police Support Services

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	344,287	121,018	269,182	151,056	245,004
41270	SALARIES-PART-TIME	108,419	123,010	-	133,717	-
41310	SALARIES-OTHER	394	114	450	-	-
41320	SALARIES-OTHER PAYOUT	6,226	4,072	4,500	3,000	3,000
41490	OVERTIME-GENERAL	31,676	12,389	2,100	2,800	2,100
41560	UNEMP. INS	57	50	1,480	-	2,002
41620	RETIREMENT-GENERAL	26,798	17,752	25,489	-	37,076
41690	DEFERRED COMPENSATION	2,916	-	-	-	-
41700	GROUP INSURANCE	57,766	37,081	44,100	-	44,991
41701	MEDICARE	7,216	4,089	3,903	-	3,553
41730	INCOME PROTECTION INS	6,261	4,206	4,570	-	3,671
41760	WORKERS COMP	22,605	5,977	22,342	22,224	13,696
41799	BENEFITS	-	-	-	68,346	-
41800	UNIFORM	4,299	3,634	3,825	3,825	3,350
41000s	<<EMPLOYEE SERVICES>>	618,918	333,390	381,941	384,968	358,443
42208	ELECTRIC	35,876	37,867	38,650	38,650	-
42214	TELEPHONE	48,332	78,707	71,000	81,350	84,938
42231	CONTRACT SERVICES	28,963	38,447	52,875	50,000	35,370
42244	STATIONERY & OFFICE SUPPLIES	11,168	13,333	14,580	12,500	14,580
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	17,505
42248	OTHER SUPPLIES	9,335	8,881	6,255	8,500	8,500
42250	ADVERTISING	189	-	800	-	500
42252	PHOTOCOPYING	8	-	200	-	-
42254	POSTAGE & FREIGHT	6,830	9,730	11,790	8,500	9,545
42257	PRINTING	1,978	1,303	2,035	1,300	2,000
42261	AUTO MILEAGE	-	-	-	350	300
42299	OTHER EXPENSE	-	-	300	100	300
42408	TRAINING & EDUCATION	5,238	6,179	6,800	2,000	6,800
42415	CONFERENCE & MEETINGS	62	-	150	150	150
42423	MEMBERSHIP & DUES	310	175	210	210	210
42435	SUBSCRIPTION & PUB.	40	-	130	130	100
42436	AB939 FEES	364	-	-	-	-
42510	MAINT - BLDGS/IMPROVEMENTS	985	733	1,250	630	1,250
42523	MAINT - MACHINE/EQUIPMENT	6,404	-	1,000	-	-
42526	MAINT - AUTO/TRUCKS	195	-	-	-	-
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	4,726	1,528	7,595	6,500	7,500
42536	MAINT - OTHER	18,920	10,728	-	-	-
42000s	<<SUPPLIES & SERVICES>>	179,924	207,610	215,620	210,870	189,548
43825	MACHINERY/EQUIPMENT	7,845	-	-	-	-
43840	COMPUTER EQUIPMENT	8,372	17,526	-	1,706	-
43845	COMPUTER SOFTWARE	18,943	4,937	-	-	-
43000s	<<CAPITAL OUTLAY>>	35,160	22,463	-	1,706	-
44994	LEASE PAYMENTS	4,128	7,412	-	-	-
44000s	<<DEBT SERVICE>>	4,128	7,412	-	-	-
45003	GENERAL LIABILITY INS	26,197	17,899	15,499	15,499	10,415
45004	BLDG MAINT SERVICES	158,669	164,617	226,630	226,630	328,329
45009	I.S. SERVICES	79,080	88,707	57,402	57,402	62,714
45000s	<<INTERNAL SERVICES>>	263,946	271,223	299,531	299,531	401,458
POLICE-SUPPORT SERVICES		1,102,075	842,097	897,092	897,075	949,449

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- In coordination with the SCNDPP Inc., the OES has continued to promote and present emergency preparedness classes in the City. This program has been presented in both English and Spanish. Two CERT classes were completed.
- Four City staff members attended a 35 hour Terrorism class.
- OES Coordinator attended classes on Weapons of Mass Destruction Recovery Program, Managing Sustained Operations, Terrorism and EOC Response.
- Refresher training was conducted, including an exercise, for the Abbott Laboratories Business Emergency Response Team.
- The OES co-sponsored, with the SCNDPP, Inc., a public outreach booth at the Taste of Morgan Hill, at which over 40,000 visitors received literature, had their questions answered, and were able to sign up for CERT classes.
- Applied, and was selected by the Office of the U.S. Surgeon General, for a continuation of a federal grant for a unit of the Medical Reserve Corps (MRC)..
- Partnered with Channel 17 TV to broadcast various programs on the subject of emergency preparedness.
- The City's stock of emergency supplies were inventoried and replacement stocks, as needed, were purchased.

[010-3230] Police Emergency Services

FY 2004/05 ACTIVITY GOALS

- Accomplish an EOC staff exercise as required by the State of California
- Present two CERT training classes in English and Spanish in conjunction with the SCNDPP Inc.
- Sponsor a public outreach educational booth at the Taste of Morgan Hill in conjunction with the SCNDPP Inc. and the MRC
- Record the number of disaster preparedness presentations presented to neighborhoods, organizations, schools and businesses during the year
- Continue to coordinate the Disaster Preparedness Activities of the SNDPP Inc., the MRC and the Garlic Valley ARES organization within the City
- Continue supervising the organizational and training efforts of the MRC, including activation and exercises of the MRC field teams as the Grant Administrator/Project Director
- Continue coordination with Channels 17 and 19 for the broadcast of Disaster Preparedness Programs
- Monitor the number of organized CERT teams capable of being deployed throughout the City
- Continue meeting with representatives of the public schools, the private schools and Day Care Centers/Pre-Schools within the City to improve the status of on-campus disaster preparedness

FINANCIAL COMMENTS

The Employee Services activity has been adjusted to reflect a permanent full-time position being backfilled with a half-time employee.

<u>PERFORMANCE MEASURES</u>	<u>FY 02/03</u> <u>ACTUAL</u>	<u>FY 03/04</u> <u>PROJ.</u>	<u>FY 04/05</u> <u>GOAL</u>
• Hours of preparedness presentation given to the community	176 hours	50	75
• Number of organized CERT teams 6 teams of capable of operating within the City	15-25 members	7	9
• Number of emergency drills/exercises	3	4	6
• Number of sections of the disaster plan updated annually	2 new additions	new plan	new plan

[010-3230] Police Emergency Services

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	28,588	25,901	21,507	-	25,442
41320	SALARIES-OTHER PAYOUT	-	1,703	-	-	-
41270	SALARIES-PART-TIME	-	8,027	-	25,682	-
41490	OVERTIME-GENERAL	-	624	-	-	-
41560	UNEMP. INS	3	5	-	-	129
41620	RETIREMENT-GENERAL	2,051	2,138	-	-	3,850
41700	GROUP INSURANCE	3,257	3,009	-	-	4,059
41701	MEDICARE	442	1,094	-	-	369
41730	INCOME PROTECTION INS	422	375	-	-	329
41760	WORKERS COMP	1,423	816	-	798	1,422
41799	BENEFITS	-	-	-	2,568	-
41800	UNIFORM	225	183	-	-	-
41000s	<<EMPLOYEE SERVICES>>	36,411	43,874	21,507	29,048	35,600
42228	GASOLINE & OIL	139	-	-	-	-
42231	CONTRACT SERVICES	-	1,915	6,500	3,600	3,000
42240	RENTALS - OUTSIDE	-	300	-	-	-
42248	OTHER SUPPLIES	2,511	948	700	2,150	1,550
42250	ADVERTISING	-	500	500	500	-
42254	POSTAGE & FREIGHT	-	-	50	50	50
42257	PRINTING	51	184	200	-	200
42261	AUTO MILEAGE	-	68	960	200	960
42408	TRAINING & EDUCATION	1,049	831	1,000	2,450	4,000
42415	CONFERENCE & MEETINGS	25	-	50	90	175
42423	MEMBERSHIP & DUES	-	100	50	50	75
42523	MAINT - MACHINE/EQUIPMENT	-	-	100	-	100
42000s	<<SUPPLIES & SERVICES>>	3,774	4,847	10,110	9,090	10,110
43840	COMPUTER EQUIPMENT	853	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	853	-	-	-	-
45003	GENERAL LIABILITY INS	1,213	2,588	2,241	2,241	542
45000s	<<INTERNAL SERVICES>>	1,213	2,588	2,241	2,241	542
POLICE-EMERGENCY SERVICES		42,250	51,309	33,858	40,379	46,252

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[010-3245] Police Special Operations

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	66,748	4,527	141,999	1,002	155,715
41160	SALARIES-SAFETY	606,821	557,842	652,046	640,257	510,430
41270	SALARIES-PART-TIME	989	16,810	-	-	-
41310	SALARIES-OTHER	10,014	10,515	3,500	3,000	3,500
41320	SALARIES-OTHER PAYOUT	19,945	9,090	6,500	8,800	8,800
41490	OVERTIME-GENERAL	1,092	4,117	750	1,650	750
41500	OVERTIME-SAFETY	43,496	36,538	25,020	58,000	50,000
41505	OT-SAFETY-SPEC.PROJ	-	-	-	1,148	-
41520	OVERTIME-REIMBURSABLE	53	322	-	536	-
41560	UNEMP. INS	50	35	1,480	-	2,288
41620	RETIREMENT-GENERAL	4,813	-	55,179	-	158,178
41630	RETIREMENT-SAFETY	3,944	-	-	-	-
41690	DEFERRED COMPENSATION	-	-	2,972	-	3,266
41700	GROUP INSURANCE	62,416	48,805	73,679	-	77,027
41701	MEDICARE	7,800	7,116	11,514	-	9,659
41730	INCOME PROTECTION INS	938	-	4,815	-	4,080
41760	WORKERS COMP	47,338	40,562	65,906	65,790	72,908
41799	BENEFITS	-	-	-	173,140	-
41800	UNIFORM	7,725	6,689	13,650	13,650	16,840
41000s	<<EMPLOYEE SERVICES>>	884,181	742,967	1,059,010	966,973	1,073,441
42228	GASOLINE & OIL	1,947	-	-	-	-
42231	CONTRACT SERVICES	62,164	64,645	77,700	77,700	84,230
42240	RENTALS - OUTSIDE	-	360	-	-	-
42244	STATIONERY & OFFICE SUPPLIES	-	-	-	50	-
42248	OTHER SUPPLIES	5,622	3,644	6,670	6,670	6,470
42257	PRINTING	108	-	-	200	260
42408	TRAINING & EDUCATION	8,909	8,866	7,930	18,300	7,930
42415	CONFERENCE & MEETINGS	-	85	175	175	175
42423	MEMBERSHIP & DUES	20	170	200	400	600
42435	SUBSCRIPTION & PUB.	16	119	70	-	70
42523	MAINT - MACHINE/EQUIPMENT	167	-	800	-	-
42000s	<<SUPPLIES & SERVICES>>	78,954	77,889	93,545	103,495	99,735
43825	MACHINERY/EQUIPMENT	-	-	3,575	3,575	6,000
43835	FURNITURE/OFFICE EQUIPMENT	1,729	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	1,729	-	3,575	3,575	6,000
45003	GENERAL LIABILITY INS	20,618	19,275	23,844	23,844	16,664
45000s	<<INTERNAL SERVICES>>	20,618	19,275	23,844	23,844	16,664
	POLICE-SPECIAL OPERATIONS	985,481	840,131	1,179,974	1,097,887	1,195,840

[010-5450] Animal Control Services

ACTIVITY DESCRIPTION

The Animal Control function is overseen by the Support Services Supervisor. This unit is responsible for the enforcement of animal control provisions mandated by State Law and local ordinance, and for administering animal licensing for the cities of Morgan Hill and Gilroy. Under an agreement with Gilroy, the City of Morgan Hill receives 90% of Gilroy's animal license revenues. The Animal Control Services Unit is staffed by one full-time Animal Control Officer. Police Officers and Community Service Officers provide emergency animal control services when unit personnel are not available.

FY 2003/04 HIGHLIGHTS

- Records personnel support the Animal Control licensing function as well as handling phone and counter requests when the Officer is in the field.
- The Animal Control Officer received advanced training and was called upon to use his knowledge during incidents involving dangerous animals in the City.

FY 2004/05 ACTIVITY GOALS

- Increase the number of licenses issued for the Cities of Morgan Hill and Gilroy.
- Implement and distribute a public education program regarding living with mountain lions in the Morgan Hill area.

PERFORMANCE MEASURES	FY 02/03	FY 03/04	FY 04/05
	ACTUAL	PROJ.	GOAL
• Hours spent enforcing animal license provisions of State law and local ordinance	8 hours/day	.. 8 hours/day	. 8 hours/day
• Number of animal licenses issued to Morgan Hill residents	828 1,500 1,600
• Number of Morgan Hill impounded animals returned to their owners within 4 days	32 30 35
• Number of unlicensed dogs impounded or owners cited compared to the number of licensed dogs	135 to 1,123 30/1,500 23/1,600
• Percent of unaltered to altered M.H. animals receiving licenses	N/A 19% 22%

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		01/02	02/03	03/04	03/04	04/05
Acct	Description	Actuals	Actuals	Current Budget	Estimated Actual	Adopted Budget
41100	SALARIES-GENERAL	829	38,097	33,826	41,789	39,019
41270	SALARIES-PART-TIME	30,931	-	-	-	-
41320	SALARIES-OTHER PAYOUT	1,220	-	-	-	250
41330	SALARIES-SICK LEAVE PAYOUT	-	-	250	-	-
41490	OVERTIME-GENERAL	-	442	500	865	1,000
41560	UNEMP. INS	5	10	148	-	286
41620	RETIREMENT-GENERAL	2,259	2,693	3,203	-	5,905
41700	GROUP INSURANCE	5,123	6,712	6,720	-	9,415
41701	MEDICARE	479	584	490	-	566
41730	INCOME PROTECTION INS	553	629	540	-	583
41760	WORKERS COMP	1,913	2,413	2,808	2,822	2,181
41799	BENEFITS	-	-	-	12,955	-
41800	UNIFORM	286	804	750	450	750
41000s	<<EMPLOYEE SERVICES>>	43,597	52,385	49,235	58,881	59,955
42231	CONTRACT SERVICES	15,739	15,850	19,160	13,550	17,910
42240	RENTALS - OUTSIDE	-	-	100	-	100
42244	STATIONERY & OFFICE SUPPLIES	333	-	-	-	-
42248	OTHER SUPPLIES	1,423	1,127	1,300	1,000	1,300
42250	ADVERTISING	63	-	-	-	-
42254	POSTAGE & FREIGHT	373	56	100	-	100
42257	PRINTING	190	-	400	65	100
42281	SMALL TOOLS	-	-	680	350	680
42299	OTHER EXPENSE	164	19	450	250	-
42408	TRAINING & EDUCATION	-	1,354	1,000	1,320	2,500
42415	CONFERENCE & MEETINGS	-	-	100	-	100
42423	MEMBERSHIP & DUES	-	-	100	-	100
42435	SUBSCRIPTION & PUB.	-	49	100	-	100
42523	MAINT - MACHINE/EQUIPMENT	-	-	200	-	200
42526	MAINT - AUTO/TRUCKS	40	-	850	300	850
42550	FLEET REPLACEMENT	1,336	-	-	-	-
42000s	<<SUPPLIES & SERVICES>>	19,661	18,456	24,540	16,835	24,040
43820	OTHER IMPROVEMENTS	2,576	-	-	-	-
43825	MACHINERY/EQUIPMENT	-	14,358	-	-	-
43830	AUTO/TRUCKS	-	16,166	-	-	-
43000s	<<CAPITAL OUTLAY>>	2,576	30,524	-	-	-
45003	GENERAL LIABILITY INS	2,425	2,754	2,384	2,384	2,083
45000s	<<INTERNAL SERVICES>>	2,425	2,754	2,384	2,384	2,083
	ANIMAL CONTROL SERVICES	68,259	104,119	76,159	78,100	86,078

CITY OF MORGAN HILL • FY 200-405 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 200-405 • OPERATING AND CIP BUDGET

	FY 02/03	FY 03/04	FY 04/05
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number of 911 calls received	7,932	9,000	11,500
• Average time to answer 98% of 911 phone calls	11sec	11sec	11 sec
• Average time between receipt of a Priority 1 call and dispatch of a unit	1:45	1:45	1:45

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

Community Development

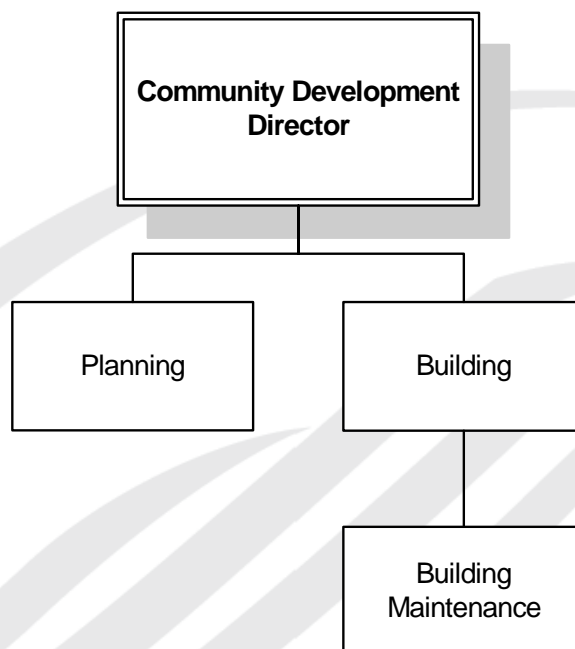
[010-5150] [202-6110] [206-5120] [206-5130] [207-5170]
[740-2115] [740-2120] [740-5150]

Appropriations Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	1,123,596	1,319,810	1,613,263	1,463,548	1,670,971
Supplies & Services	954,714	901,279	1,353,358	1,153,182	1,485,270
Capital Outlay	41,674	15,361	2,577	2,000	13,000
Debt Services	1,400	1,330	-	-	-
Internal Service	428,575	594,159	586,821	586,821	440,769
Transfers Out	-	-	54,000	54,000	-
Project Expenditure	-	-	-	-	-
COMMUNITY DEVELOPMEN	2,549,959	2,831,938	3,610,019	3,259,551	3,610,010

010 5150 BUILDING MAINT.-CCC	-	244,632	427,967	526,557	-
202 6110 CONGESTION MANAGEMEN	70,139	65,815	78,868	65,815	80,329
206 5120 PLANNING DIVISON	1,053,280	1,140,646	1,224,253	1,086,838	1,086,783
206 5130 BUILDING DIVISION	802,824	844,132	1,016,487	927,596	1,038,955
207 5170 GENERAL PLAN UPDATE	82,507	44,318	197,413	156,814	60,498
740 2115 BUILDING MAINT.-CCC	-	-	-	-	491,198
740 2120 BUILDING MAINT.-AQUATIC	-	-	-	-	310,931
740 5150 BUILDING MAINTENANCE	541,209	492,395	665,031	495,931	541,316
DEPARTMENT TOTAL	2,549,959	2,831,938	3,610,019	3,259,551	3,610,010

¹ FY03/04 Adopted Budget: \$3,143,769



CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET •

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CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number and percent of SR Applications processed within 90 days* (excluding 32 applications projects requiring initial study or EIR)	32 applications	32	36
..... 100% complete	100%	100%	100%
• Number of applications filed which require Architecture Review Board, Planning Commission, or City Council Approval	219	218	237
• Percent of RDCS projects provided 30-day notice of default or expiration of allotment	99%	100%	100%
• Percent of DRC comments received on time	85%	80%	90%
• Number of applications (which require ARB, PC or CC approval) processed per planner	Senior—65	30	54
	Associate—56	70	65
	Associate—44	65	60
	Staff—54	53	58

[206-5120] Planning Division

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	339,329	420,008	411,821	421,444	479,546
41160	SALARIES-SAFETY	6,683	-	-	-	-
41270	SALARIES-PART-TIME	11,742	13,096	20,000	14,403	-
41320	SALARIES-OTHER PAYOUT	6,095	3,905	6,000	-	-
41490	OVERTIME-GENERAL	106	2,105	-	-	-
41560	UNEMP. INS	46	41	910	-	2,013
41620	RETIREMENT-GENERAL	14,244	19,620	29,352	-	61,698
41690	DEFERRED COMPENSATION	7,448	8,453	7,784	-	8,352
41700	GROUP INSURANCE	30,181	39,800	43,842	-	57,149
41701	MEDICARE	4,873	6,070	5,971	-	6,953
41730	INCOME PROTECTION INS	4,821	6,060	5,127	-	5,990
41760	WORKERS COMP	7,865	10,209	12,676	12,661	20,198
41799	BENEFITS	594	891	-	108,962	-
41800	UNIFORM	48	-	-	-	-
41900	CONTRACT LABOR	74,338	9,860	111,232	-	-
41000s	<<EMPLOYEE SERVICES>>	508,412	540,119	654,715	557,470	641,899
42214	TELEPHONE	6,857	7,140	7,500	5,800	6,237
42228	GASOLINE & OIL	64	64	100	75	100
42231	CONTRACT SERVICES	233,132	275,807	209,229	184,351	90,000
42242	RENTS	44	36	-	-	63
42244	STATIONERY & OFFICE SUPPLIES	3,911	2,792	4,000	2,500	4,000
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	19,000
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	18,000
42248	OTHER SUPPLIES	2,460	2,826	2,000	300	1,000
42250	ADVERTISING	19,690	12,659	13,000	14,324	15,000
42252	PHOTOCOPYING	953	2,233	7,300	8,091	9,373
42254	POSTAGE & FREIGHT	3,068	4,357	4,500	4,000	4,500
42257	PRINTING	3,050	2,589	10,000	6,500	10,000
42261	AUTO MILEAGE	-	-	-	40	-
42265	AUTO ALLOWANCE	(12)	-	-	-	-
42408	TRAINING & EDUCATION	3,295	1,794	4,195	1,000	4,000
42415	CONFERENCE & MEETINGS	7,041	2,855	7,500	5,833	7,500
42423	MEMBERSHIP & DUES	4,456	3,594	5,000	3,800	5,000
42435	SUBSCRIPTION & PUB.	957	2,182	4,000	2,200	4,000
42526	MAINT - AUTO/TRUCKS	196	-	-	-	-
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	3,391	2,992	2,000	2,000	5,000
42550	FLEET REPLACEMENT	2,356	1,536	-	-	-
42000s	<<SUPPLIES & SERVICES>>	294,910	325,455	280,324	240,814	202,773

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[206-5130] Building Division

ACTIVITY DESCRIPTION

The Community Development Department Building Division enforces all codes and regulations providing minimum standards to safeguard life, health, and public welfare by regulating the use, occupancy, location, and maintenance of all buildings and structures. Permit application submittals, plan reviews, issuance of permits, and field inspections for all new construction and property development activities ensures public safety and compliance with State Regulations. Additionally, the Building Division is responsible for the handling of Code Enforcement activities, which include investigation, case maintenance, and resolution of cases.

FY 2003/04 HIGHLIGHTS

- Code Enforcement activities have increased from 437 cases in calendar year 2002 to 927 cases in calendar year 2003 with all but 62 of these cases obtaining resolution.
- A master plan submittal process has been completed to expedite plan check submittals.
- Over the counter permits issuance has been increased to include the following permits; a.) Swimming Pools, b.) Spas, c.) Signs, d.) Minor additions, e.) Interior alterations (Non-structural) and all Re-roofing permits.
- Improvements have been accomplished to improve our record management system.
- Weekly staff training programs have enhanced our ability to provide better customer service.
- Weekly code discussion meetings with our Inspection staff has provided training to enhance code knowledge and provide more consistent inspections.

FY 2004/05 WORKPLAN

- Redesign Building Permit Applications
- Develop an automated system for calculating permit fees.
- Upgrade Tidemark permit issuance software program
- Enhance record retention by implementation of a scanning system

FY 2004/05 ACTIVITY GOALS

- Implement a proactive Code Enforcement program to ensure permit compliance
- Continue to train and develop new staff members

FINANCIAL COMMENTS

The Building Division experienced the second busiest year in our history with permit valuations of \$127,973,306 for calendar year 2003. The total number of issued building permits was 1409. This year's activities are anticipated to be similar to our previous year. Operation of the Building Division is funded by Development Fees.

	FY 2002	FY 2003	FY 2004
PERFORMANCE MEASURES	ACTUAL	ACTUAL	GOAL
• Percentage of inspections accomplished within a 24 hour response	95%	96.5%	100%
• Total number of complaints processed	437	927	800
• Number of Code Enforcement cases investigated or mitigated	361	832	760
• Percent of Code Enforcement cases completed and closed	79%	93%	95%
• Percent of Permits Issued Over the Counter			35%

[206-5130] Building Division

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	357,159	395,576	401,012	376,621	411,461
41270	SALARIES-PART-TIME	-	15,426	-	29,168	-
41280	SALARIES-P.T.-REIMB	168	162	-	275	-
41320	SALARIES-OTHER PAYOUT	9,657	9,591	10,000	-	-
41490	OVERTIME-GENERAL	1,448	2,188	6,000	6,000	6,000
41560	UNEMP. INS	37	35	938	-	1,956
41620	RETIREMENT-GENERAL	17,197	22,122	32,004	-	56,538
41690	DEFERRED COMPENSATION	4,412	4,324	3,868	-	3,102
41700	GROUP INSURANCE	24,390	34,684	44,901	-	61,935
41701	MEDICARE	3,557	4,847	5,815	-	5,966
41730	INCOME PROTECTION INS	4,902	5,980	4,934	-	5,171
41760	WORKERS COMP	8,764	9,780	12,413	12,392	20,836
41799	BENEFITS	589	602	-	105,505	-
41900	CONTRACT LABOR	15,642	7,393	14,000	15,000	15,000
41000s	<<EMPLOYEE SERVICES>>	447,922	512,709	535,885	544,961	587,965
42214	TELEPHONE	7,738	7,350	8,000	8,000	7,638
42228	GASOLINE & OIL	1,451	2,765	4,000	3,500	4,000
42231	CONTRACT SERVICES	117,696	75,979	213,500	125,000	180,000
42244	STATIONERY & OFFICE SUPPLIES	3,566	3,633	5,000	3,000	5,000
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	24,000
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	8,000
42248	OTHER SUPPLIES	2,795	2,816	2,800	2,000	2,500
42250	ADVERTISING	2,417	217	1,000	1,000	1,000
42252	PHOTOCOPYING	56	40	1,000	2,000	3,000
42254	POSTAGE & FREIGHT	2,204	2,085	2,500	3,500	3,000
42257	PRINTING	629	2,228	5,000	4,000	5,000
42261	AUTO MILEAGE	320	103	500	500	500
42265	AUTO ALLOWANCE	(12)	-	500	500	500
42281	SMALL TOOLS	-	-	500	500	500
42299	OTHER EXPENSE	(10)	-	500	500	500
42408	TRAINING & EDUCATION	1,086	2,927	5,000	4,800	6,000
42415	CONFERENCE & MEETINGS	3,083	728	5,000	4,800	5,000
42423	MEMBERSHIP & DUES	450	1,119	1,500	950	2,000
42435	SUBSCRIPTION & PUB.	2,590	1,350	2,000	2,000	2,000
42526	MAINT - AUTO/TRUCKS	1,975	811	4,000	2,800	4,000
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	1,116	636	8,000	2,900	6,000
42550	FLEET REPLACEMENT	8,575	20,431	-	-	-
42000s	<<SUPPLIES & SERVICES>>	157,725	125,217	270,300	172,250	270,138

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This activity involves update of the City's entire General Plan. The update, which was begun in FY 1998/99, was completed in July 2001. A separate update of the Housing Element to the General Plan was completed in May 2002. It is anticipated that numerous implementation measures will be adopted as part of the new General Plan. This budget includes, in FY 2004/05, staffing to undertake some of those implementation measures.

- Completed updates and corrections to the General Plan Land Use Diagram
- Began work on the Urban Limit Line (Greenbelt) Study

- Complete Urban Limit Line study and begin preparation of the required Environmental Assessment.
- Amend General Plan and Zoning for the Downtown Area
- Amend the Circulation Element to include level of service standards for unsignalized intersections

The total cost of the General Plan update is paid for from a combination of General, Park Development Impact, Community Development, RDA, Housing, Sewer and Water Funds. FY 2004/05 includes \$30,000 under contract labor to complete the Advisory Committee recommendations on the Urban Limit Line Study.

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CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

[740-5150] Building Maintenance

ACTIVITY DESCRIPTION

This activity is responsible for the repair and maintenance of all public buildings owned by the City and Redevelopment Agency (excluding the Library interior) and maintenance of all telephone and security systems for those facilities. The maintenance activities for the Community & Cultural Center site and the Aquatic Facility are not included in these activities.

FY 2003/04 HIGHLIGHTS

- Staff training has been completed to enhance efficiency.
- Safety training has been completed for maintenance personnel.
- Public Works building addition has been completed with Building Maintenance personnel providing project management.

FY 2004/05 ACTIVITY GOALS

- Train and cross train Janitorial personnel.
- Train maintenance personnel to determine additional responsibilities for the new Police facility.

FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that accounts for the costs of maintaining City facilities by charging the City departments that use the facilities. Charges to departments include a replacement component so that funds will be accumulated to replace components as they wear out.

Starting with FY 01/02, staff began setting monies aside for Future Replacement. These monies will be used to replace major capital expenditures like an HVAC, new roof, kitchen stove, etc.

FY 01/02 Actual	149,986
FY 02/03 Actual	189,012
FY 03/04 Projected	249,012
<u>FY 04/05 Proposed</u>	<u>309,163</u>
Proposed total by 6/30/05	\$897,173

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CAPITAL BUDGET

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Public Works

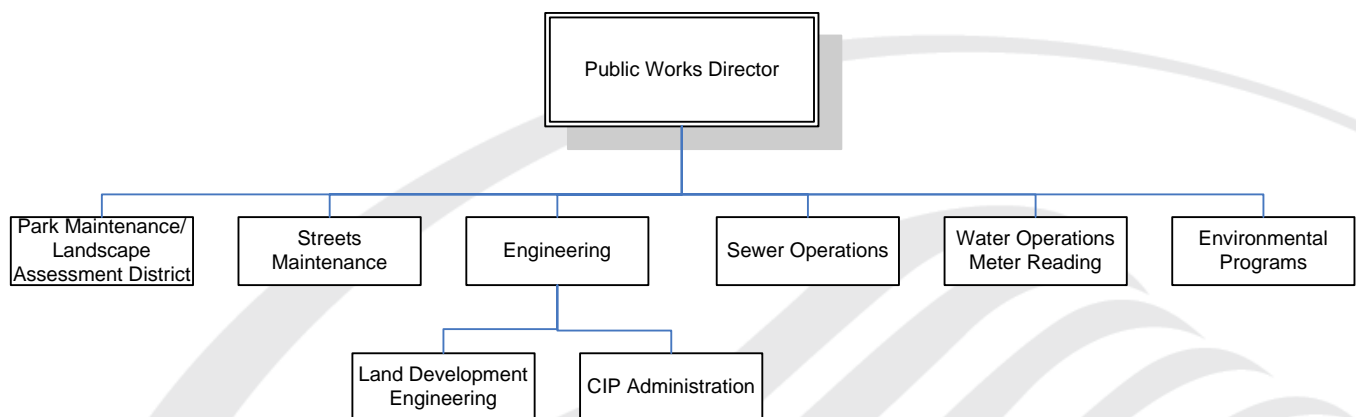
[010-5440] [202-6100] [206-5410] [229-8351] [232-5800]
[640-5900] [650-5710] [650-5720] [650-5760] [745-8280]

Appropriations Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	3,848,085	4,338,462	4,785,058	4,570,997	5,315,595
Supplies & Services	6,605,011	7,417,389	9,821,576	9,138,150	9,101,675
Capital Outlay	347,058	395,219	406,522	433,838	359,300
Debt Services	2,299,689	1,728,424	2,520,065	2,238,879	2,105,925
Internal Service	1,069,103	1,307,363	1,390,281	1,390,281	1,449,691
Transfers Out	3,584,338	2,968,877	1,950,785	3,450,785	788,100
Project Expenditure	-	-	-	-	-
PUBLIC WORKS	17,753,285	18,155,733	20,874,287	21,222,930	19,120,286

010	5440	PARK MAINTENANCE OPERATION	648,244	834,892	822,840	760,427	705,572
202	6100	STREET MAINTENANCE OPERATI	1,254,231	1,509,091	1,672,928	1,574,870	1,593,914
206	5410	ENGINEERING	952,009	946,372	1,072,275	1,040,447	1,096,107
229	8351	LIGHTING & LANDSCAPE	136,633	163,722	167,001	154,005	140,038
232	5800	SOLID WASTE MGMT	232,248	269,108	499,894	428,202	417,937
640	5900	SEWER OPERATIONS	6,123,289	5,885,433	7,513,797	7,066,265	6,450,819
650	5710	WATER OPERATIONS	6,858,631	6,716,725	6,894,996	8,170,105	6,541,316
650	5720	METER READING/REPAIR	448,227	634,855	669,538	648,114	719,352
650	5760	WATER CONSERVATION	13,048	3,047	8,213	8,212	59,466
745	8280	CIP ADMINISTRATION	1,086,725	1,192,489	1,552,806	1,372,283	1,395,765
DEPARTMENT TOTAL			17,753,285	18,155,733	20,874,287	21,222,930	19,120,286

¹ FY03/04 Adopted Budget: \$19,499,086



[010-5440] Park Maintenance

ACTIVITY DESCRIPTION

The Park Maintenance Division is responsible for the maintenance of approximately 57 acres of City parks, the Civic Center, and other City facilities. The Division also manages Fox Hollow/Murphy Springs Lighting and Landscape Assessment District through contract services. The assessment district includes 20 sub areas consisting of open landscaped areas and approximately six acres of developed "mini-park" space.

In order to meet the City's General Fund budget challenges in the 2004/05 Fiscal Year the Parks Division was required to reduce its budget by \$125,000 (15%). To accomplish this, two full time Groundskeeper positions were eliminated (\$87,000) plus a reduction of \$38,000 in services and supplies. The reduction will result in the following non-critical services being eliminated: development of an Integrated Pest Management Program and staff assistance with special projects (e.g., Creek Clean-up Day, City Beautification Day, Seasonal BBQ cleaning and reservation posting). Further, the following contract and in-house services will be reduced: tree trimming, rodent control, broadleaf weed control, ability to respond to irrigation repair needs, reduction of fertilization, aeration, and re-seeding. Efforts will be made to limit the negative effects of reductions in turf maintenance to "fringe" areas, thus making our ball fields and areas of heavier park use a priority. This service reduction results in a 4 day non-emergency response time for customer related work orders as shown under the Performance Measures Section.

Staffing of the Parks Division has been as follows over the past decade:

<u>Fiscal Year</u>	<u>FTE's</u>
1990-91	6
1991-92 through 1996	2
1996-97 through 2000	4
2000-01 through 2004	7
2004-05	5

The FY 2004/05 program will continue to focus on safety, cleanliness, preservation of facilities and landscaping, and prioritizing maintenance tasks in order to achieve priority goals.

FY 2003/04 HIGHLIGHTS

- Tracked response time for customer work orders
- To improve water quality cleaned Community Park pond, fountain supply lines and replaced aeration pump and motor
- Assumed maintenance responsibilities for Butterfield Boulevard landscaping and pathway
- Renovated ramps at the interim skateboard park
- Evaluated conditions and improvement priorities at 22 assessment district parks and roadside landscaping areas
- La Crosse ½ mile pathway patching and root removal
- Galvan Park installation of new park benches and trash receptacles
- Began renovation of Downtown tree planters to minimize over watering that is affecting health of trees
- Completed Community Park Master Management Plan

[010-5440] Park Maintenance

FY 2004/05 ACTIVITY GOALS

- Evaluate benefits and costs of automating and centralizing irrigation management
- Evaluate assessment district water use and set a goal of 15%-20% water use reduction
- With resource reductions, continue to prioritize work and seek ways to improve efficiency
- Renovate turf at Nordstrom Park, Paradise Park and Civic Center

FINANCIAL COMMENTS

The FY 2004/05 Budget reflects the City's General Fund reduction challenges by reducing the Park's Division by 20%.

<u>PERFORMANCE MEASURES</u>	<u>FY 02/03</u> <u>ACTUAL</u>	<u>FY 03/04</u> <u>PROJ.</u>	<u>FY 04/05</u> <u>GOAL</u>
• Average Customer Work Order Response Time:			
- Non-Emergency	2.5 Days	2 Days	4 Days
- Emergency	0 ... 30 minutes	30 minutes	30 minutes
• Annual Maintenance Cost/Acre	\$14,136	\$13,971	\$12,493

[010-5440] Park Maintenance

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	284,999	252,365	340,926	148,695	273,550
41320	SALARIES-OTHER PAYOUT	2,810	3,441	2,700	2,417	2,500
41490	OVERTIME-GENERAL	8,067	10,726	9,600	2,982	3,000
41560	UNEMP. INS	41	38	1,125	422	1,600
41620	RETIREMENT-GENERAL	20,213	18,188	32,817	12,851	41,631
41690	DEFERRED COMPENSATION	655	461	524	1,104	499
41700	GROUP INSURANCE	34,834	31,596	53,405	20,220	54,364
41701	MEDICARE	3,111	3,130	4,943	1,388	3,966
41730	INCOME PROTECTION INS	4,537	3,858	4,789	2,373	3,710
41760	WORKERS COMP	18,847	16,977	27,867	27,723	25,423
41799	BENEFITS	486	313	-	306	-
41800	UNIFORM	8,665	4,989	6,000	3,262	4,150
41900	CONTRACT LABOR	49,775	127,207	-	137,484	-
41000s	<<EMPLOYEE SERVICES>>	437,040	473,290	484,696	361,227	414,393
42208	ELECTRIC	7,819	10,503	10,250	12,096	12,100
42210	WATER/SEWER	159	89,757	104,000	94,480	89,200
42214	TELEPHONE	711	870	650	980	1,064
42228	GASOLINE & OIL	4,342	4,100	7,500	3,794	3,800
42231	CONTRACT SERVICES	80,477	115,041	121,697	227,067	105,150
42240	RENTALS - OUTSIDE	2,173	1,385	2,000	366	375
42242	RENTS	9,318	7,633	-	-	13,333
42244	STATIONERY & OFFICE SUPPLIES	265	316	300	217	225
42248	OTHER SUPPLIES	38,810	57,215	49,600	27,037	35,675
42250	ADVERTISING	2,971	341	1,500	-	250
42254	POSTAGE & FREIGHT	52	31	50	511	340
42257	PRINTING	575	422	300	150	150
42265	AUTO ALLOWANCE	(9)	-	-	-	-
42281	SMALL TOOLS	952	1,639	2,515	2,082	2,000
42299	OTHER EXPENSE	5	37	75	-	-
42301	REIMBURSEMENTS	-	10,000	-	-	-
42408	TRAINING & EDUCATION	3,701	1,305	3,500	507	1,000
42415	CONFERENCE & MEETINGS	175	139	-	-	-
42423	MEMBERSHIP & DUES	195	365	365	-	100
42435	SUBSCRIPTION & PUB.	48	125	125	-	100
42523	MAINT - MACHINE/EQUIPMENT	8,864	9,170	10,000	7,641	8,000
42526	MAINT - AUTO/TRUCKS	5,583	9,357	10,000	8,255	9,000
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	46	185	300	-	150
42536	MAINT - OTHER	916	-	500	-	-
42550	FLEET REPLACEMENT	23,962	29,648	-	-	-
42000s	<<SUPPLIES & SERVICES>>	192,112	349,584	325,227	385,183	282,012

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[202-6100] Street Maintenance

ACTIVITY DESCRIPTION

The Street Maintenance Division combines in-house and contract services to maintain and repair: asphalt roadways; sidewalks; curbs; gutters; roadway shoulders; alleys; medians and parkways; street signs; pavement markings; street sweeping; storm station pump repair; City street tree trimming; traffic signals; street lights; storm drains; and the cleaning and repair of catch basins, ditches, and drainage channels.

Maintenance Supervisor and Maintenance Worker II vacancies, and infrequent but heavy winter storms inhibited our effectiveness in achieving FY 2003/04 Activity Goals of catching up backlog of utility cut asphalt patching and pavement striping. In spite of the challenges of position vacancies, with the use of the Division's new mower and a truck converted for "boom" spraying, the Division was able to weed abate over 25 curb miles by early summer and used over 100 tons of asphalt for roadway patching.

The Division did track debris removed by street sweeping, meet Average Customer Work Order Response Times, and completed roadside vegetation abatement work in accordance with Division performance measures. The Division also completed \$50,000 in sidewalk repair/replacement and related street tree replacement planting. This effort will continue in FY 2004/05.

Through the efforts of the interim Maintenance Supervisor, the Division established a storm drain "hot spot" map and checklist. This effectively identified work areas and priorities. Using this information, staff created maintenance checklists thus establishing a simple method of scheduling routine maintenance work. In spite of a limited budget and position vacancies staff is now more effective in seasonal maintenance of the storm drain system. Staff will apply this approach to all maintenance programs within the Division thereby improving effectiveness and efficiency.

FY 2003/04 HIGHLIGHTS

- Completed \$50,000 in concrete sidewalk repair/replacement including replanting street trees where removed
- Achieved performance measure goal for customer work order response time
- Completed storm Hot Spot Map and checklist and began work on maps and prioritized lists for vegetation abatement, AC patching, street striping, and tracking sidewalk ramping program
- With the assistance of a biologist, began the process of identifying red-legged frog habitat to avoid habitat destruction during routine cleaning of flood channels and ditches
- Created zone maps initiating a more systematic permanent asphalt patching program
- Through a collaborative process involving all Division employees, complete a seasonal priority workplan
- Re-graded and cleaned Teresa, Jackson Oaks and Thomas Grade ditches.
- Identified guard rails and rail road crossings requiring repair and began specification and bidding process.

[202-6100] Street Maintenance

FY 2004/05 ACTIVITY GOALS

- Inspect all City streets and develop an annual priority asphalt patching and repair list
- Refine mapping and checklists for preventive maintenance programs for vegetation abatement, permanent asphalt patching, street striping, and temporary sidewalk ramping for pedestrian safety
- Inspect and clean City's portion of Fisher Creek/ditches
- Establish a Citywide street striping/legend priority program
- Refine a Citywide asphalt repair and patching program street striping/legend priority program

FINANCIAL COMMENTS

The FY 2004/05 budget is supported by Gas Tax Revenues and Enterprise Fund transfers at approximately the same funding amount as the FY 2003/04 budget.

<u>PERFORMANCE MEASURES</u>	<u>FY 02/03</u> <u>ACTUAL</u>	<u>FY 03/04</u> <u>PROJ.</u>	<u>FY 04/05</u> <u>GOAL</u>
• Average Customer Work Order Response Time			
- Non-Emergency	4 days	2.5 Days	2 Days
- Emergency	1.5 hours	30 minutes	30 minutes
• Vegetation Abatement Program	N/A	100%	100%
• Storm Drain System Facilities	N/A	100%	100%
• Repair Maintenance Related Permanent Asphalt	N/A	125 tons	125 tons
• Curb miles of roadside weed abatement	27.27 miles	N/A	N/A
• Debris removed by street sweeping (annual)	423 tons	N/A	N/A

[202-6100] Street Maintenance

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	174,709	248,686	359,940	308,417	381,797
41320	SALARIES-OTHER PAYOUT	1,640	2,915	3,250	6,875	6,900
41490	OVERTIME-GENERAL	26,963	38,307	22,000	17,699	17,700
41560	UNEMP. INS	37	36	1,037	389	2,005
41620	RETIREMENT-GENERAL	8,739	16,339	33,300	26,131	56,998
41690	DEFERRED COMPENSATION	990	1,124	1,255	2,912	1,315
41700	GROUP INSURANCE	20,559	31,373	49,325	45,094	66,618
41701	MEDICARE	2,456	3,088	5,219	3,892	5,536
41730	INCOME PROTECTION INS	2,139	3,689	4,775	4,606	4,951
41760	WORKERS COMP	9,231	14,102	26,348	26,273	32,784
41799	BENEFITS	723	759	-	764	-
41800	UNIFORM	5,351	6,051	5,285	4,313	5,285
41900	CONTRACT LABOR	47,989	54,452	-	7,502	-
41000s	<<EMPLOYEE SERVICES>>	301,526	420,920	511,734	454,867	581,889
42205	TAXES	187	100	150	103	100
42208	ELECTRIC	318,570	296,221	298,000	265,831	275,000
42214	TELEPHONE	1,311	1,991	1,500	1,305	1,417
42217	SURETY BOND	18	-	-	-	-
42219	GENERAL LIABILITY INS	-	72	-	-	-
42228	GASOLINE & OIL	5,412	5,379	11,500	3,546	6,000
42231	CONTRACT SERVICES	260,590	400,790	488,689	543,991	377,900
42240	RENTALS - OUTSIDE	3,286	3,820	4,000	2,325	2,500
42242	RENTS	11,061	9,061	-	-	15,827
42244	STATIONERY & OFFICE SUPPLIES	806	868	800	595	500
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	3,000
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	1,500
42248	OTHER SUPPLIES	54,515	92,312	84,900	38,894	73,700
42250	ADVERTISING	2,827	858	1,500	-	500
42252	PHOTOCOPYING	-	-	50	-	-
42254	POSTAGE & FREIGHT	209	64	175	257	150
42257	PRINTING	858	706	960	99	350
42265	AUTO ALLOWANCE	(14)	-	-	-	-
42281	SMALL TOOLS	2,719	1,828	3,600	3,202	2,500
42296	REIMB/SOUNDWALL FENC	5	-	-	-	-
42299	OTHER EXPENSE	464	1,340	820	563	950
42408	TRAINING & EDUCATION	7,898	3,072	4,000	2,630	3,500
42415	CONFERENCE & MEETINGS	380	450	250	-	-
42423	MEMBERSHIP & DUES	115	203	250	90	150
42435	SUBSCRIPTION & PUB.	426	1,239	1,300	227	500
42510	MAINT - BLDGS/IMPROVEMENTS	341	-	-	98	-
42523	MAINT - MACHINE/EQUIPMENT	18,659	14,667	22,896	20,095	18,500
42526	MAINT - AUTO/TRUCKS	12,837	35,545	16,000	15,408	19,500
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	165	185	325	142	1,100
42536	MAINT - OTHER	736	-	400	-	-
42550	FLEET REPLACEMENT	54,326	55,755	38,945	38,945	-
42000s	<<SUPPLIES & SERVICES>>	758,709	926,527	981,010	938,346	805,144

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The Public Works Engineering Development Division provides development review/inspection services. It oversees all construction activities pertaining to the infrastructure constructed by developers within the City. This Division checks, approves, and keeps for the public record all improvement plans prepared by consultants. It reviews all private land development activities for conformance with City Standards, and checks and approves all maps in compliance with the Subdivision Map Act. In addition, the Division is responsible for implementing and maintaining a Storm Water Management Plan per the National Pollution Discharge Elimination System (NPDES) Phase II Program.

- Residential development remained strong in FY2003/04. While commercial and industrial development is off due to the regional economic slump, considerable staff time was spent on projects under construction and for multiple inquiries about potential development. Staff assisted BAHS on numerous economic development projects
- The Division continued to utilize contract plan checking services to enable staff to handle the other land development and traffic issues
- Staff supported the Measure P (Micro-P, small projects, and affordable) scoring and evaluation process for residential development
- Staff worked with Regional Water Quality Control Board to develop the NPDES Phase II Storm Water Management Plan for the City

- Complete design drawings and construct Lift Station G

- Make continued improvements in the development review/inspections process
- Track initial plan check turnaround time to ensure that responses fall within the established time frame of 6 weeks
- Assist the Building Assistance and Housing Services Department with potential economic development projects
- Continue to provide a staff member from Public Works at City Hall to provide 'one-stop' customer service
- Implement the Storm Water Management Plan to comply with the City's NPDES Phase II permit

Commercial development activity in FY 2004/05 is expected to remain at FY 2003/04 levels. With the enactment of Measure C, a slight increase in residential development may be experienced in FY 2004/05 due to the release of additional building allotments. However, these allotments may not be accommodated by public improvements and therefore will not result in the collection of additional revenues. Engineering staffing will remain as is. Efficiency will be improved through training and computer-based tracking procedures.

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[206-5410] Engineering

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	285,046	243,844	285,597	281,200	355,124
41320	SALARIES-OTHER PAYOUT	7,158	4,256	-	2,436	2,500
41490	OVERTIME-GENERAL	10,755	10,017	11,200	11,100	11,100
41560	UNEMP. INS	32	23	637	610	1,367
41620	RETIREMENT-GENERAL	13,925	14,512	23,507	21,500	45,505
41690	DEFERRED COMPENSATION	3,599	3,230	3,033	3,033	4,297
41700	GROUP INSURANCE	11,035	11,474	30,484	28,500	46,549
41701	MEDICARE	3,655	3,453	4,141	4,000	5,149
41730	INCOME PROTECTION INS	3,540	3,701	3,493	3,100	4,171
41760	WORKERS COMP	7,057	6,459	12,918	12,869	19,185
41799	BENEFITS	1,123	470	-	-	-
41800	UNIFORM	570	550	-	340	310
41900	CONTRACT LABOR	115,499	57,933	55,000	57,300	33,000
41000s	<<EMPLOYEE SERVICES>>	462,994	359,923	430,010	425,988	528,257
42214	TELEPHONE	3,054	2,312	2,200	2,200	2,946
42228	GASOLINE & OIL	1,155	1,416	1,350	1,550	1,550
42231	CONTRACT SERVICES	222,061	249,890	305,128	278,000	272,000
42240	RENTALS - OUTSIDE	-	-	100	100	100
42242	RENTS	314	257	-	-	449
42244	STATIONERY & OFFICE SUPPLIES	2,053	2,047	1,700	1,980	1,700
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	3,200
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	2,200
42248	OTHER SUPPLIES	5,054	14,468	10,257	8,800	8,600
42250	ADVERTISING	2,030	-	3,500	1,500	1,500
42252	PHOTOCOPYING	10	5	1,030	1,000	900
42254	POSTAGE & FREIGHT	687	370	800	750	650
42257	PRINTING	1,370	338	2,080	2,080	2,080
42261	AUTO MILEAGE	470	834	700	700	700
42265	AUTO ALLOWANCE	(25)	-	-	-	-
42299	OTHER EXPENSE	283	352	400	400	350
42408	TRAINING & EDUCATION	2,910	4,964	2,900	2,900	2,800
42415	CONFERENCE & MEETINGS	463	808	820	600	600
42423	MEMBERSHIP & DUES	35	-	350	350	350
42435	SUBSCRIPTION & PUB.	277	950	750	750	720
42523	MAINT - MACHINE/EQUIPMENT	-	-	400	-	-
42526	MAINT - AUTO/TRUCKS	385	1,115	700	1,200	1,200
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	15	30	650	650	620
42550	FLEET REPLACEMENT	2,326	1,922	-	-	-
42000s	<<SUPPLIES & SERVICES>>	244,927	282,079	335,815	305,510	305,215

[206-5410] Engineering

			03/04	03/04	04/05	
Acct	Description	01/02 Actuals	02/03 Actuals	Current Budget	Estimated Actual	Adopted Budget
43820	OTHER IMPROVEMENTS	-	-	-	314	-
43835	FURNITURE/OFFICE EQUIPMENT	4,780	1,068	-	555	-
43840	COMPUTER EQUIPMENT	17,940	1,174	6,715	6,715	-
43845	COMPUTER SOFTWARE	1,291	-	-	660	-
43000s	<<CAPITAL OUTLAY>>	24,011	2,242	6,715	8,244	-
44994	LEASE PAYMENTS	1,094	949	-	970	-
44000s	<<DEBT SERVICE>>	1,094	949	-	970	-
45000	GF ADMIN	138,340	217,406	235,217	235,217	210,133
45003	GENERAL LIABILITY INS	35,955	14,309	12,035	12,035	11,843
45004	BLDG MAINT SERVICES	8,537	10,326	14,215	14,215	8,537
45009	I.S. SERVICES	36,151	59,138	38,268	38,268	32,122
45000s	<<INTERNAL SERVICES>>	218,984	301,179	299,735	299,735	262,635
ENGINEERING DIVISION (PUBLIC WORKS)		952,009	946,372	1,072,275	1,040,447	1,096,107

[229-8351] Lighting & Landscape District

ACTIVITY DESCRIPTION

Lighting and Landscape Assessment District Funds are derived from special property taxes to support City maintenance services in certain park and landscape areas within residential developments. Proper maintenance of the properties benefit the owners. Assessment charges are collected by the County on property tax rolls and remitted to the City. There are currently 20 sub-areas in the Fox Hollow/Murphy Springs Lighting and Landscape Assessment District. Each lot within a specific sub-area is assessed the same amount.

The FY 2004/05 Budget request represents a 9% decrease over the FY 2003/04 adopted Budget. This is due to plans for containing costs in water use and extra costs for improvements and repair. This effort will be made to avoid, to the extent possible, a need to increase property owner assessments in several sub areas that are at, or approaching, the maximum assessment rate due to historically rising costs.

In FY 2001/02 three of the sub areas whose assessments were at the maximum rate and costs were exceeding revenues collected, a Proposition 218 vote was conducted. The property owners did not approve the proposed increase in assessment rates. Consequently, staff met with the property owners of the three sub areas and discussed how to reduce services. Though each of these sub areas has a large deficit fund balance, the reduction in services has been effective in bringing expenses and revenues more in balance and is slowly reducing the deficit fund balances.

FY 2003/04 HIGHLIGHTS

- Completed maintenance of all sub areas, including necessary repairs or improvements, and maintained a positive fund balance for the District overall
- Managed the landscape services contractor efficiently by minimizing maintenance costs where possible
- Revised our bid specifications and conducted a public bidding process for the maintenance services contract

FY 2004/05 ACTIVITY GOALS

- Manage all costs to maintain a modest positive fund balance and/or continue reduction of existing deficit balances

FINANCIAL COMMENTS

Maintenance services are provided through contract services and are paid by annual assessments from the property owners benefiting from the improvements.

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[232-5800] Solid Waste Management

ACTIVITY DESCRIPTION

The Environmental Programs - Solid Waste Management Division develops and implements waste reduction programs to meet the requirements of the California Integrated Waste Management Act of 1989 (AB 939). These programs include source reduction, recycling, composting, public education, and household hazardous waste management. The Division is also responsible for administering the City's franchise agreement for solid waste management services. This activity has been moved into the Public Works Department beginning this fiscal year.

FY 2003/04 HIGHLIGHTS

- Substantially negotiated franchise extension with solid waste hauler for additional recycling services
- Continued to promote a variety of recycling programs for businesses and residents to reach the 50% diversion rate
- Held City Beautification Day event and initiated flower bulb distribution system.

FY 2004/05 WORKPLAN

- Expand curbside recycling program
- Establish daffodil distribution program

FY 2004/05 ACTIVITY GOALS

- Comprehensively Inform the public about additions to the City's recycling program
- Continue to aggressively promote waste reduction programs in order to exceed State diversion mandates
- Promote recycling in the schools
- Provide one-on-one technical assistance to new and existing businesses
- Administer the solid waste franchise to ensure that excellent customer services continue to be provided

FINANCIAL COMMENTS

Division activities are funded by a 6% franchise fee on solid waste management services.

	FY 02/03	FY 03/04	FY 04/05
PERFORMANCE MEASURES	ACTUAL	PROJ.	GOAL
• Dollars spent communicating recycling information ... (excluding employee services)	\$87,044	\$86,500	\$61,500
• Tons of recycling collected	8,992	9,300	9,600
• Number of environmental promotions distributed	10	13	12
• Percentage of customers ranking their solid waste management services "good" or "excellent"	N/A	94%	N/A
• Percentage of customers who say they have enough information to properly participate in the City's recycling program	N/A	79%	N/A
• Percentage of customers participating in the recycling program	63%	63%	65%
• Solid waste diversion rate	47%	50%	51%
• Dollars spent communicating recycling information / ton of recycling collected	\$9.68/ton	\$9.30/ton	\$6.40/ton

[232-5800] Solid Waste Management

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	40,234	53,536	75,482	55,811	77,091
41270	SALARIES-PART-TIME	12,846	19,102	1,854	18,254	-
41320	SALARIES-OTHER PAYOUT	2,053	2,725	4,000	4,000	4,000
41490	OVERTIME-GENERAL	-	192	2,000	2,000	2,000
41560	UNEMP. INS	4	7	203	-	392
41620	RETIREMENT-GENERAL	1,084	2,172	3,372	-	7,778
41690	DEFERRED COMPENSATION	1,538	2,087	2,767	-	2,848
41700	GROUP INSURANCE	3,484	6,913	6,999	-	7,568
41701	MEDICARE	735	1,156	1,094	-	1,118
41730	INCOME PROTECTION INS	819	1,283	986	-	986
41760	WORKERS COMP	1,213	1,948	2,340	2,337	3,172
41799	BENEFITS	-	-	-	17,035	-
41000s	<<EMPLOYEE SERVICES>>	64,009	91,121	101,097	99,437	106,953
42214	TELEPHONE	1,672	1,369	1,700	1,700	1,084
42228	GASOLINE & OIL	-	48	-	100	100
42231	CONTRACT SERVICES	41,453	67,482	111,697	120,000	64,500
42244	STATIONERY & OFFICE SUPPLIES	404	222	400	400	400
42248	OTHER SUPPLIES	1,952	2,277	3,000	2,000	2,000
42250	ADVERTISING	2,581	1,788	10,000	4,000	4,000
42252	PHOTOCOPYING	122	26	1,879	1,879	1,879
42254	POSTAGE & FREIGHT	4,415	5,167	7,000	5,000	3,000
42257	PRINTING	44,107	28,898	48,152	30,000	25,000
42299	OTHER EXPENSE	48,944	51,270	92,026	40,000	40,000
42408	TRAINING & EDUCATION	381	-	1,000	1,000	1,000
42415	CONFERENCE & MEETINGS	2,722	419	-	698	400
42423	MEMBERSHIP & DUES	59	765	350	375	375
42435	SUBSCRIPTION & PUB.	-	14	-	20	50
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	985	918	-	-	-
42000s	<<SUPPLIES & SERVICES>>	149,797	160,662	277,204	207,172	143,788
43840	COMPUTER EQUIPMENT	2,479	-	-	-	-
43845	COMPUTER SOFTWARE	355	-	-	-	-
43000s	<<CAPITAL OUTLAY>>	2,834	-	-	-	-
44994	LEASE PAYMENTS	332	315	-	-	-
44000s	<<DEBT SERVICE>>	332	315	-	-	-
45000	GF ADMIN	15,276	16,062	17,378	17,378	15,525
45003	GENERAL LIABILITY INS	-	947	736	736	512
45009	I.S. SERVICES	-	-	3,479	3,479	3,059
45000s	<<INTERNAL SERVICES>>	15,276	17,009	21,593	21,593	19,096
49201	TRANSFER OUT-202 (STREET MAINTENANCE)	-	-	100,000	100,000	100,000
49210	TRANSFER OUT-010 (GENERAL FUND)	-	-	-	-	48,100
49000s	<<TRANSFERS>>	-	-	100,000	100,000	148,100
SOLID WASTE MANAGEMENT		232,248	269,108	499,894	428,202	417,937

[640-5900] Sewer Operations

ACTIVITY DESCRIPTION

The Sewer Operations Division protects public health and safety by ensuring that wastewater is properly collected, treated and discharged. This includes planning, design, maintenance, and repair of all sanitary sewer mains and sewer lift stations within the city. Collection system effluent is transported via an interceptor to the wastewater treatment facility located in Gilroy, where it is treated and discharged. This plant is owned and operated by the South County Regional Wastewater Authority (SCRWA) under a Joint Powers Agreement with the Cities of Morgan Hill and Gilroy.

The City owns, and therefore funds, 41.9% of the capital expansion costs at the wastewater treatment facility. The City pays the facility's annual operations and maintenance costs based on actual annual flow as recorded by flow meters. For budgeting purposes this year, the SCRWA budget proposes a 43% Morgan Hill / 57% Gilroy split; will review closely in spring 2005 when the flow split is established for budget purposes.

FY 2003/04 HIGHLIGHTS

- Completed design upgrade of Supervisory Control and Data Acquisition System
- Initiated a comprehensive sewer main flushing program to reduce sewer blockages
- Infiltration and inflow (I and I) identification program continued
- Completed rehabilitation of B Lift Station
- Completed sewer main survey around Peak and Main and W. Dunne areas for sewer main replacement
- Initiated design of sewer main replacement for Peak and Main, and W. Dunne areas
- Identified areas for root treatment in the Holiday and Jackson Oaks areas
- Replaced generator and transfer switch at Lift Station C for improved reliability in the time of power outages

FY 2004/05 WORKPLAN

- Determine design of improvements needed to reduce infiltration and inflow

FY 2004/05 ACTIVITY GOALS

- Complete Supervisory Control and Data Acquisition System upgrade
- Complete a comprehensive sewer main flushing program to optimize the effectiveness of sewer main flushing
- Determine design of improvements needed to reduce infiltration and inflow
- Track response time for customer work orders
- Track number of sewer main restrictions cleared
- Locate, identify, and rehabilitate clean outs and sewer manholes
- Initiate construction for sewer main replacement on Peak-Main and W. Dunne Avenue
- Implement root treatment in the Jackson Oaks and Holiday areas

<u>PERFORMANCE MEASURES</u>	<u>FY 02/03</u> <u>ACTUAL</u>	<u>FY 03/04</u> <u>PROJ.</u>	<u>FY 04/05</u> <u>GOAL</u>
• Average Customer Work Order Response Time			
- Non-Emergency	20 hours	1.6 Days	2 Days
- Emergency	12 minutes	30 minutes	30 minutes
• Sewer Main Restrictions Cleared	29	24	25
• LF Sewer Main Flushed	705,035	714,900	715,000

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[640-5900] Sewer Operations

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
43825	MACHINERY/EQUIPMENT	29,549	23,665	27,245	61,884	11,500
43820	OTHER IMPROVEMENTS	-	-	1,200	1,514	-
43835	FURNITURE/OFFICE EQUIPMENT	5,886	1,375	2,500	768	-
43840	COMPUTER EQUIPMENT	5,688	1,965	11,187	10,628	3,000
43845	COMPUTER SOFTWARE	4,444	-	5,000	4,750	12,000
43000s	<<CAPITAL OUTLAY>>	45,567	27,006	47,132	79,544	26,500
44990	PRINCIPAL	655,000	635,000	1,115,000	1,115,000	975,000
44991	INTEREST	1,009,138	527,714	856,625	566,989	573,410
44994	LEASE PAYMENTS	1,049	949	-	1,100	-
44995	SERVICE FEES	18,763	9,793	-	4,310	-
44000s	<<DEBT SERVICE>>	1,683,950	1,173,456	1,971,625	1,687,399	1,548,410
45000	GF ADMIN	177,228	211,522	228,851	228,851	204,446
45003	GENERAL LIABILITY INS	26,634	31,356	28,608	28,608	128,310
45004	BLDG MAINT SERVICES	18,779	22,716	31,273	31,273	18,780
45009	I.S. SERVICES	-	8,064	5,218	5,218	4,589
45000s	<<INTERNAL SERVICES>>	222,642	273,659	293,950	293,950	356,125
49201	TRANSFER OUT-202 (STREET MAINTENANCE)	160,000	200,000	200,000	200,000	200,000
49210	TRANSFER OUT-010 (GENERAL FUND)	15,000	17,500	17,500	17,500	20,000
49222	TRANSFER OUT-347 (PUBLIC FACILITIES)	-	-	10,000	10,000	-
49262	TRANSFER OUT-643 (SEWER CIP)	500,000	500,000	500,000	500,000	-
49271	TRANSFER OUT-650 (WATER OPS)	175,543	173,877	195,785	195,785	-
49000s	<<TRANSFERS>>	850,543	891,377	923,285	923,285	220,000
	SEWER OPERATIONS	6,123,289	5,885,433	7,513,797	7,066,265	6,450,819

[650-5710] Water Operations

ACTIVITY DESCRIPTION

The City of Morgan Hill supplies water to approximately 11,000 residential and commercial/industrial establishments while ensuring that the water quality meets or exceeds health and environmental standards. The water is supplied from 13 wells located in, and adjacent to, the City. This Division maintains and repairs all wells, pumping stations, reservoirs, and pipelines. In addition, Division technical staff perform design and long range planning activities, and assures that water quality standards are met in compliance with the State's Department of Health Services regulations.

FY 2003/04 HIGHLIGHTS

- Effectively dealt with perchlorate contamination emanating from the Olin site
- Worked closely with Santa Clara Valley Water District (SCVWD) to supplement water deliveries
- Completed design of a new 1 million gallon reservoir at Boys Ranch site
- Completed preliminary design of rehabilitation of Jackson Oaks booster station
- Repaired all emergency water breaks
- Completed design upgrade of Supervisory Control and Data Acquisition System and began construction
- Completed construction of San Pedro Well Pump Station
- Completed construction of Main Well II Pump Station
- Replaced 600 lineal feet of Jackson Oaks Water Main
- Identified and installed isolation valves to reduce customer outage

FY 2004/05 WORKPLAN

- Update the Emergency Response Plan consistent with adopted Vulnerability Assessment by December 31, 2004

FY 2004/05 ACTIVITY GOALS

- Continue to deal with perchlorate contamination emanating from the Olin site
- Initiate a program to identify dead end water mains and expose and rehabilitate blow off valves
- Complete upgrade of Supervisory Control and Data Acquisition System
- Track response time for customer work orders
- Initiate construction of Jackson Oaks Booster Station
- Identify a site for drilling a new production well
- Initiate construction of Boy's Ranch 1 million gallon reservoir
- Identify and install isolation valves to reduce customer outages when water main breaks occur

FINANCIAL COMMENTS

FY 2004/05 costs have increased in special counsel, professional services, and lab analysis due to perchlorate contamination. Additionally, the budget increased to fund a 25% increase in the pump tax paid to the Santa Clara Valley Water District.

	FY 02/03	FY 03/04	FY 04/05
PERFORMANCE MEASURES	ACTUAL	PROJ.	GOAL
• Average Customer Work Order Response Time			
- Non-Emergency	21 hours	24 Hours	2 Days
- Emergency	22 minutes	30 minutes	30 minutes

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[650-5710] Water Operations

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
43820	OTHER IMPROVEMENTS	-	-	1,008	1,322	-
43825	MACHINERY/EQUIPMENT	54,773	70,679	41,864	45,025	13,000
43835	FURNITURE/OFFICE EQUIPMENT	5,876	-	2,500	768	-
43840	COMPUTER EQUIPMENT	7,608	-	11,187	9,118	3,000
43845	COMPUTER SOFTWARE	5,503	-	5,000	2,160	12,000
43000s	<<CAPITAL OUTLAY>>	73,760	70,679	61,559	58,393	28,000
44990	PRINCIPAL	210,320	219,331	228,634	228,634	243,249
44991	INTEREST	395,695	326,622	316,806	316,806	310,296
44994	LEASE PAYMENTS	1,049	949	-	-	-
44995	SERVICE FEES	5,392	4,867	3,000	3,000	3,000
44000s	<<DEBT SERVICE>>	612,455	551,770	548,440	548,440	556,545
45000	GF ADMIN	188,832	233,911	253,073	253,073	226,085
45003	GENERAL LIABILITY INS	27,830	34,366	31,156	31,156	27,622
45004	BLDG MAINT SERVICES	29,877	36,138	49,752	49,752	29,878
45006	FLEET REPLACEMENT	-	-	-	-	90,364
45009	I.S. SERVICES	4,519	8,064	5,218	5,218	4,589
45000s	<<INTERNAL SERVICES>>	251,058	312,480	339,199	339,199	378,538
49200	TRANSFER OUT-ONE TIME	-	460,000	-	-	-
49201	TRANSFER OUT-202 (STREET MAINTENANCE)	350,000	400,000	400,000	400,000	400,000
49210	TRANSFER OUT-010 (GENERAL FUND)	15,000	17,500	17,500	17,500	20,000
49222	TRANSFER OUT-347 (PUBLIC FACILITIES)	-	-	10,000	10,000	-
49273	TRANSFER OUT-653 (WATER REPLACE)	2,350,000	1,200,000	-	-	-
49277	TRANSFER OUT-651 (WATER IMPACT)	-	-	500,000	2,000,000	-
49000s	<<TRANSFERS>>	2,715,000	2,077,500	927,500	2,427,500	420,000
	WATER OPERATIONS	6,858,631	6,716,725	6,894,996	8,170,105	6,541,316

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[650-5720] Meter Reading and Repair

FINANCIAL COMMENTS

The initiation of an in-house meter testing will reduce contract services by \$10,000.

PERFORMANCE MEASURES	FY 02/03	FY 03/04	FY 04/05
	ACTUAL	PROJ.	GOAL
• Average customer work order response time			
- Non-Emergency	18 hours	24 Hours	24 Hours
- Emergency	14 minutes	30 minutes	30 minutes
• Fire hydrant maintenance performed	414	200	200
• Water meter tested - 2" or greater	20	20	40
• Annual cost to read a meter	\$0.59 per meter	\$0.56	\$0.55

[650-5720] Meter Reading and Repair

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	176,670	174,021	176,476	175,869	186,250
41320	SALARIES-OTHER PAYOUT	2,805	1,562	1,500	5,084	5,000
41490	OVERTIME-GENERAL	1,629	3,467	3,500	5,509	5,000
41560	UNEMP. INS	19	16	477	179	924
41620	RETIREMENT-GENERAL	11,434	12,190	16,688	15,936	28,148
41690	DEFERRED COMPENSATION	842	448	534	1,483	562
41700	GROUP INSURANCE	20,326	20,753	22,692	24,473	37,465
41701	MEDICARE	1,157	918	2,559	1,051	2,701
41730	INCOME PROTECTION INS	2,384	2,524	2,316	2,677	2,397
41760	WORKERS COMP	11,072	10,918	14,238	14,220	17,311
41799	BENEFITS	-	-	-	66	-
41800	UNIFORM	1,669	1,969	2,525	1,591	2,525
41900	CONTRACT LABOR	-	-	-	170	-
41000s	<<EMPLOYEE SERVICES>>	230,008	228,786	243,505	248,308	288,283
42228	GASOLINE & OIL	2,390	2,931	4,750	3,111	4,000
42231	CONTRACT SERVICES	10,629	32,181	30,998	25,277	27,150
42240	RENTALS - OUTSIDE	-	-	75	-	-
42242	RENTS	697	571	-	-	997
42244	STATIONERY & OFFICE SUPPLIES	401	446	450	326	400
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	1,100
42248	OTHER SUPPLIES	20,165	11,951	28,700	20,842	24,800
42254	POSTAGE & FREIGHT	7	153	300	26	150
42257	PRINTING	-	234	400	-	250
42281	SMALL TOOLS	1,750	-	600	753	1,000
42408	TRAINING & EDUCATION	802	654	1,500	-	1,000
42415	CONFERENCE & MEETINGS	-	177	150	-	150
42423	MEMBERSHIP & DUES	-	70	-	-	-
42435	SUBSCRIPTION & PUB.	-	159	175	-	100
42523	MAINT - MACHINE/EQUIPMENT	-	325	1,000	188	500
42526	MAINT - AUTO/TRUCKS	7,337	4,026	8,000	7,539	8,000
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	46	106	200	-	200
42536	MAINT - OTHER	410	268	1,050	-	350
42550	FLEET REPLACEMENT	2,453	2,382	-	-	-
42000s	<<SUPPLIES & SERVICES>>	47,089	56,634	78,348	58,062	70,147
43825	MACHINERY/EQUIPMENT	-	4,998	1,000	4,957	2,500
43835	FURNITURE/OFFICE EQUIPMENT	344	-	2,500	-	-
43840	COMPUTER EQUIPMENT	272	-	2,500	-	-
43845	COMPUTER SOFTWARE	1,310	-	3,100	-	-
43897	METERS	118,021	283,646	273,534	271,736	299,300
43000s	<<CAPITAL OUTLAY>>	119,946	288,643	282,634	276,693	301,800
45000	GF ADMIN	35,304	38,064	41,182	41,182	36,791
45003	GENERAL LIABILITY INS	8,119	7,964	7,465	7,465	6,594
45004	BLDG MAINT SERVICES	7,761	9,388	12,925	12,925	7,762
45006	FLEET REPLACEMENT	-	-	-	-	4,916
45009	I.S. SERVICES	-	5,376	3,479	3,479	3,059
45000s	<<INTERNAL SERVICES>>	51,185	60,792	65,051	65,051	59,122
	METER READING/REPAIR	448,227	634,855	669,538	648,114	719,352

[650-5760] Water Conservation

ACTIVITY DESCRIPTION

The Water Conservation Program develops and implements water conservation programs.

FY 2003/04 HIGHLIGHTS

- Responded to citizen requests for water conservation information
- Provided materials and program brochures developed by SCVWD to commercial and industrial customers
- Promoted water conservation in the community through the sharing of literature, newspaper and newsletter articles, direct targeted solicitations, and schoolbook covers

FY 2004/05 WORKPLAN

- Establish Drought Landscaping Ordinance

FY 2004/05 ACTIVITY GOALS

- Coordinate with the Santa Clara Valley Water District in promoting water conservation to both residents and businesses
- Work with the Planning Division and the development community on a comprehensive water conservation ordinance for new developments
- Enhance water conservation awareness in the community by communicating directly with residents, school children, and local businesses

FINANCIAL COMMENTS

Given the City's recent challenges in meeting the community's water demands, it is appropriate to enhance the City's water conservation programs. This budget increases both the staff time and supplies and services budget for this activity.

PERFORMANCE MEASURES

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Cooperative projects with the Santa Clara Valley Water District to reduce water consumption	2	2	2

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The CIP program remains very active due, in large part, to revenues received from residential development impact fees, water and sewer service charges, and Redevelopment funds. Staff will rely on contract engineering services to handle design work.

[745-8280] CIP Administration

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	386,853	534,360	709,855	525,400	672,190
41320	SALARIES-OTHER PAYOUT	9,995	9,150	-	8,200	8,200
41490	OVERTIME-GENERAL	8,442	18,978	19,500	18,050	18,050
41560	UNEMP. INS	42	45	1,407	1,390	2,581
41620	RETIREMENT-GENERAL	12,602	24,107	49,061	47,300	87,827
41690	DEFERRED COMPENSATION	8,728	8,443	9,199	8,700	8,263
41700	GROUP INSURANCE	31,831	47,872	67,982	63,500	82,677
41701	MEDICARE	5,242	7,278	10,293	9,800	9,747
41730	INCOME PROTECTION INS	4,573	7,278	8,321	7,800	7,828
41760	WORKERS COMP	8,831	12,853	28,809	28,697	33,985
41799	BENEFITS	2,134	2,771	-	-	-
41800	UNIFORM	733	404	-	330	250
41900	CONTRACT LABOR	206,956	175,815	85,000	232,500	60,000
41000s	<<EMPLOYEE SERVICES>>	686,961	849,353	989,427	951,667	991,598
42208	ELECTRIC	-	-	100	100	100
42214	TELEPHONE	2,698	2,445	2,300	2,300	2,946
42228	GASOLINE & OIL	298	(0)	300	300	350
42231	CONTRACT SERVICES	148,548	126,640	340,175	200,000	200,000
42242	RENTS	800	656	-	-	1,145
42244	STATIONERY & OFFICE SUPPLIES	12,548	13,034	12,700	12,600	12,400
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	3,800
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	2,800
42248	OTHER SUPPLIES	6,785	12,751	11,257	11,100	10,800
42250	ADVERTISING	3,674	448	3,400	2,000	1,900
42252	PHOTOCOPYING	0	-	2,230	1,000	900
42254	POSTAGE & FREIGHT	3,321	4,023	3,500	3,410	3,200
42257	PRINTING	8,608	1,576	5,800	5,600	5,500
42261	AUTO MILEAGE	630	790	620	620	610
42265	AUTO ALLOWANCE	(45)	-	-	-	-
42298	BAD DEBT EXPENSE	38	-	-	-	-
42299	OTHER EXPENSE	392	356	1,800	1,800	1,700
42408	TRAINING & EDUCATION	3,071	4,010	3,400	2,500	3,400
42415	CONFERENCE & MEETINGS	1,495	288	2,200	1,500	1,500
42423	MEMBERSHIP & DUES	371	380	380	380	380
42435	SUBSCRIPTION & PUB.	367	1,034	1,100	1,100	1,200
42526	MAINT - AUTO/TRUCKS	1,069	1,685	1,400	1,400	1,400
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	114	83	100	100	100
42550	FLEET REPLACEMENT	19,766	10,139	-	-	-
43825	MACHINERY/EQUIPMENT	-	-	-	210	-
42000s	<<SUPPLIES & SERVICES>>	214,547	180,337	392,762	248,020	256,131

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Business Assistance and Housing Services (BAHS)

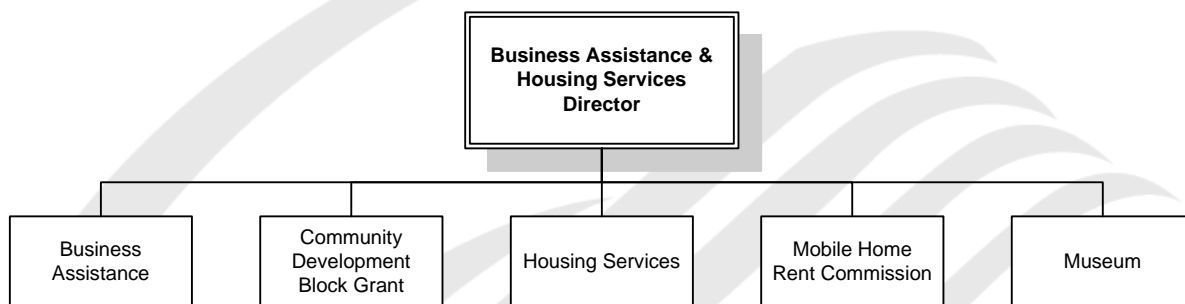
[215-8000] [216-8001] [234-8250] [235-8425] [236-7100]
[317-7000] [317-8010] [317-8055] [327-7100]

Appropriations Summary

	01/02 Actuals	02/03 Actuals	03/04 Current Budget ¹	03/04 Estimated Actuals	04/05 Adopted Budget
Salaries	959,061	1,098,754	1,362,522	1,211,878	1,537,910
Supplies & Services	459,516	841,293	485,279	623,435	302,688
Capital Outlay	12,715	2,867	5,520	19,360	2,510
Debt Services	555	527	-	-	-
Internal Service	506,507	631,337	654,989	654,989	586,958
Transfers Out	1,155,322	5,500	100,486	400,486	15,000
Project Expenditure	20,877,645	18,139,984	49,268,413	38,380,060	19,050,075
BAHS	23,971,320	20,720,261	51,877,209	41,290,208	21,495,141

215	8000	CDBG PROGRAMS/PROJECTS	37,459	33,228	386,065	308,842	166,440
216	8001	CDBG REHAB. RLF	140,000	17,592	77,677	74,307	121,567
234	8250	MOBILE HOME PARK RENT	52,047	61,539	89,661	339,661	5,202
235	8425	SENIOR HOUSING	944,619	-	14,300	-	20,180
236	8425	HOUSING MITIGATION	-	20,500	1,033,497	15,000	1,015,000
317	7000	BAHS ADMINISTRATION	15,887,411	1,776,296	1,598,923	1,420,287	1,545,675
317	8010	BAHS ECONOMIC DEVELOPMENT	-	898,556	8,229,928	5,733,722	3,125,435
317	8055	BAHS CIP	-	15,341,661	31,008,391	26,376,675	9,671,453
327	7100	RDA-HOUSING	6,909,785	2,570,889	9,438,767	7,021,714	5,824,189
DEPARTMENT TOTAL			23,971,320	20,720,261	51,877,209	41,290,208	21,495,141

¹ FY03/04 Adopted Budget: \$33,224,132



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GRANT	CDBG	RDA 20% Set Aside	Senior Trust Fund	Housing Mitigation Fund
Galvan Park Improvements	\$ 50,000			
El Toro/Friendly Inn Renovations	63,724			
TOTAL: Non-public service agencies (capital improvements)	113,724			
Day Break Respite Program (Catholic Charities)			8,600	
Long Term Care Ombudsman Program (Catholic Charities)			2,415	
Shared Housing Program @ Depot Commons (Catholic Charities)		15,000		
Second Harvest Food Bank			3,465	
Community Solutions – La Isla Pacifica Shelter		16,000		
Emergency Housing Consortium – Shelter Services				15,000
Live Oak Adult Care Services	3,990			
Community Solutions – El Toro Youth Center/Friday Night Jams	15,500			
Project Sentinel – Tenant/Landlord Dispute Resolutions		25,000		
South Valley Day Worker Service Center (St. Catherine's Parish)	5,000			
Youth Scholarships (City of Morgan Hill, Recreation)	7,346			
Youth Outreach (The Lighthouse)	5,880			
TOTAL: public service agencies	37,716	56,000	14,480	15,000
Program Administration (City of Morgan Hill, BAHS)	15,000			
TOTAL FY04-05 CDBG	\$ 166,440			

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[234-8250] Mobile Home Rent Commission

ACTIVITY DESCRIPTION

The Mobile Home Rent Commission is responsible for: 1) monitoring the Mobile Home Park Rent ordinance; 2) recommending modifications, amendments or regulations to same; and, 3) conducting hearings and making determinations regarding petitions submitted by park owners and tenants.

This account is funded through a fee mandated by the Mobile Home Park Rent Ordinance (Chapter 5.36 of the City of Morgan Hill Municipal Code). Each park owner is assessed this fee annually based upon the number of spaces within the park which fall under the ordinance. (Spaces not covered would include vacant spaces; spaces occupied by coaches owned by the park owner or by mobile home dealers who are not residents; and, spaces where home owners have negotiated long-term leases with the park owner.) Owners may pass on up to half of the cost of each space fee to the tenant occupying the space for which the fee is paid.

FY 2003/04 HIGHLIGHTS

- Mobile Home Rent Commission recommended and helped to formulate a Mobile Home Park Conversion Ordinance
- Mobile Home Rent Commission continued to monitor the potential for litigation by the owner of the Hacienda Valley Mobile Estates

FY 2004/05 ACTIVITY GOALS

- Continue to administer the City's mobile home rent ordinance, and respond to any challenge to the ordinance

FINANCIAL COMMENTS

There have been no significant changes made. The budget includes funds for the use of outside legal counsel as needed.

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[317-7000] BAHS Administration

ACTIVITY DESCRIPTION

The Business Assistance Division-Administration conducts the economic development and redevelopment activities for the City of Morgan Hill and the Redevelopment Agency. Its general responsibilities include, but are not limited to, the following:

- Conducting business attraction, expansion, and retention activities
- Providing general business assistance including the provision of economic, demographic, and general information to person and companies interested in locating a business in Morgan Hill
- Acting as an “ombudsman” for businesses in their interactions with the various City Departments
- Officering business start-up counseling and referrals
- Providing site selection and development processing assistance to companies
- Developing and administering business assistance programs
- Working with the Chamber of Commerce to promote the City
- Working with the Morgan Hill Downtown Association to enhance and improve the Downtown
- Assisting in the development of community facilities
- Performing property management duties
- Coordinating the Sister City program
- Preparing the state mandated plans and reports for the Redevelopment Agency
- Monitoring existing loans and contracts
- Administering the Redevelopment Agency budget
- Conducting special studies
- In FY07-08, the Agency anticipates reaching its fiscal limit and will no longer receive tax increment funds. At that time, the BAHS economic development and housing functions will be incorporated into the General Fund budget. Over the next four years, BAHS staff will plan for this transition from a redevelopment agency fund operation to a general fund department.

FY 2003/04 HIGHLIGHTS

Community Facilities:

- Assisted Recreation Division with the design and development of the new Aquatics
- Center through completion
- Assisted Public Works with schematic designs for the proposed Indoor Recreation Center
- Initiated a Request for Proposals and leased the train depot
- Negotiated the acquisition of the new police facility and managed the tenant improvements through completion
- Renegotiated a lease with California Youth Soccer Association (CYSA) for the regional soccer complex
- Assisted with site selection process for Library

Business Assistance Programs:

- Marketed the Facade Improvement Program to businesses and provided nine grants (Votaw Building, Johnson's Lumber, Quin's Restaurant, Scoffone, Roth, DiSalvo, and Mamma Mia, Maurizio's and Ping's restaurants)
- Administered the Traffic/Sewer Fee Financing Program and provided one new loan (Granary)
- Administered the Small Business Fee Deferral Program and provided three loans (Sunnyside Laundry, Cava, Granary)
- Created the new Utility Undergrounding Fee Program and provided two loans (Cava, Granary)

[317-7000] BAHS Administration

Marketing/Promotional Efforts:

- Participated in annual local business-to-business trade show
- Participated in ICSC Deal-Making trade shows in Las Vegas, San Francisco and Monterey
- Attended the BIO 2004 conference in San Francisco

FY 2004/05 WORKPLAN

- Walnut Grove PUD
- Downtown RFP
- Police Facility/Brewpub Exclusive Right to Negotiate Agreement
- Parking Management Plan
- El Toro Youth Center/Friendly Inn Master Plan

FY 2004/05 ACTIVITY GOALS

Community Facilities:

- Assist in the design and development of the Indoor Recreation Center and other community facilities
- Assist in the development of the new Library
- Prepare masterplan for the El Toro Youth Center/Friendly Inn

Business Assistance Programs:

- Continue to promote and administer the existing programs, such as Façade Improvement Program, Small Business Fee Deferral Program, and the large fee loan programs.

Business Attraction/Expansion/Retention:

- Monitor development of Morgan Hill courthouse
- Continue to work with developer/property owners to develop "key" commercial /retail sites
- Negotiate a Disposition and Development Agreement (DDA) with El Toro Brewing to develop brew pub in former Police Department building
- Complete Downtown Request For Proposals (RFP) process

Planning/Administration:

- Implement Downtown workplan
- Complete Walnut Grove Planned Unit Development (PUD)
- Continue to participate with the Morgan Hill Community Foundation in forming an art alliance

Local and Regional Economic Development Partnerships:

- Continue to work actively with the Chamber's EDP to promote economic development, including our participation on the Business Attraction, Retention and Tourism Committees
- Continue to work with the Morgan Hill Downtown Association
- Continue to work with regional and State agencies (e.g. Joint Venture Silicon Valley and the State of California Economic Development Division) to promote economic development
- Continue to work with the local sister city committee

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**Started in FY 03-04

[317-7000] BAHS Administration

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	372,358	454,435	601,854	481,570	637,505
41270	SALARIES-PART-TIME	16,737	36,339	2,618	36,670	3,000
41280	SALARIES-P.T.-REIMB	168	21	-	-	-
41320	SALARIES-OTHER PAYOUT	10,177	6,223	9,000	8,760	8,700
41490	OVERTIME-GENERAL	76	101	500	20	300
41560	UNEMP. INS	26	28	972	290	1,962
41620	RETIREMENT-GENERAL	6,622	9,073	23,874	18,040	62,860
41690	DEFERRED COMPENSATION	11,351	16,690	19,888	20,630	20,804
41700	GROUP INSURANCE	28,866	37,314	48,383	38,280	58,797
41701	MEDICARE	5,454	8,181	8,727	8,400	9,244
41730	INCOME PROTECTION INS	4,351	6,823	6,785	7,730	7,057
41760	WORKERS COMP	8,740	11,465	18,450	18,970	26,608
41799	BENEFITS	4,016	4,644	-	4,750	-
41900	CONTRACT LABOR	6,928	-	2,000	370	2,000
41000s	<<EMPLOYEE SERVICES>>	475,871	591,338	743,051	644,480	838,837
42214	TELEPHONE	4,311	6,061	5,900	5,900	7,068
42228	GASOLINE & OIL	280	542	-	-	-
42229	RDA-SPECIAL COUNSEL	14,550	-	5,000	3,000	4,000
42230	SPECIAL COUNSEL	2,148	-	-	-	-
42231	CONTRACT SERVICES	73,175	23,823	131,462	66,320	46,320
42233	AUDIT FEES	4,643	5,097	2,650	2,298	2,750
42242	RENTS	107	84	-	-	147
42244	STATIONERY & OFFICE SUPPLIES	3,126	1,973	2,040	2,040	2,100
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	1,700
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	500
42248	OTHER SUPPLIES	996	1,885	1,000	1,000	1,000
42250	ADVERTISING	6,505	2,258	5,000	2,500	3,000
42252	PHOTOCOPYING	384	164	981	900	981
42254	POSTAGE & FREIGHT	1,075	1,676	1,700	1,651	1,700
42257	PRINTING	18,927	3,571	1,000	1,000	1,000
42261	AUTO MILEAGE	274	424	2,100	600	2,100
42265	AUTO ALLOWANCE	(76)	-	-	-	-
42293	COUNTY ADMINISTRATIVE FEE	-	-	130,000	130,000	140,000
42297	PRIOR YEAR EXPENSE	-	54,877	-	-	-
42299	OTHER EXPENSE	136,892	309	2,200	2,000	2,000
42407	EDUCATIONAL REV.ALL	-	581,354	-	-	-
42408	TRAINING & EDUCATION	1,808	58	2,800	2,800	2,800
42415	CONFERENCE & MEETINGS	5,259	7,243	8,463	8,463	8,460
42423	MEMBERSHIP & DUES	7,919	9,327	9,875	10,249	10,815
42435	SUBSCRIPTION & PUB.	1,262	1,211	470	1,219	1,084
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	1,358	948	1,000	500	500
42000s	<<SUPPLIES & SERVICES>>	284,921	702,887	313,641	242,440	240,025

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[317-8055] BAHS CIP

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
49222	TRANSFER OUT-347 (PUBLIC FACILITIES)	-	-	24,961	22,691	-
49000s	<<TRANSFERS>>	-	-	24,961	22,691	-
82299	OTHER EXPENSE	-	3,385	-	-	-
83820	OTHER IMPROVEMENTS	-	970	-	-	-
86120	PROPERTY PURCHASE	-	762,643	7,636,838	-	-
86120	PROPERTY PURCHASE	-	-	-	-	-
86120	PROPERTY PURCHASE	-	-	-	-	-
86120	PROPERTY PURCHASE	-	-	-	-	-
86120	PROPERTY PURCHASE	-	-	-	-	-
86200	PROFESSIONAL SERVICES	-	1,257,812	2,844,384	-	-
86220	ARCHITECTURE AND DESIGN	-	698,195	1,960,384	-	-
86360	CONSTRUCTION	-	12,243,784	18,142,059	26,376,675	9,671,453
86530	CIP ADMINISTRATION	-	374,872	424,726	-	-
	<<PROJECT EXPENDITURES>>	-	15,341,661	31,008,391	26,376,675	9,671,453
	BAHS CIP	-	15,341,661	31,033,352	26,399,366	9,671,453

[327-7100] BAHS Housing

ACTIVITY DESCRIPTION

The Housing Division creates and preserves affordable housing in the community. Redevelopment 20% Housing Set-aside money (i.e., property tax increment) is the primary funding source for these activities. Under California Redevelopment Law, redevelopment agencies are required to set aside 20% of their tax increment for affordable housing activities. Our affordable housing efforts focus on the following:

- Rehabilitation of single-family and multi-family housing
- Administration of the Minor Home Repair Grant programs for seniors and mobile home owners
- Monitoring existing housing loans and agreements
- Administration of the City's Below Market Rate Housing Program (BMR) which includes monitoring approximately 395 BMR rentals and ownership units for compliance. Ten new homes were added to the homeownership program; no homes were lost to the expiration of resale restrictions
- Assist the City Clerk with the Mobile Home Rent Commission
- Conduct a bi-annual rental vacancy survey
- Manage the City's participation in the Urban County Community Development Block Grant (CDBG) program
- Development of new affordable housing programs and projects per the Affordable Housing Strategy

FY 2003/04 HIGHLIGHTS

New Construction and Major Housing Projects

- Approved a Disposition and Development Agreement, and Loan Agreement for the sale of Agency-owned land on Watsonville Road for the development of a 10-unit, single family affordable homeownership project targeting teachers working for the Morgan Hill Unified School District and Morgan Hill Charter School.
- Property for Royal Court was purchased in FY 03-04. Preliminary Site plan was approved and zoning amended; Phase I – consists of 16 ownership townhouses which will begin construction in FY 04-05
- Applied for and received \$900,000 from the California Housing Finance Agency (CalFHA) through Housing Enabled by Local Partnerships (HELP) Funds for use on housing projects.

Housing Rehabilitation Programs

- Approved over 75 grants for the Minor Senior Housing and Mobile Home Repair Programs
- Approved over 4 Housing Rehab Loans
- Approved 15 Housing Paint Program Grants

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[327-7100] BAHS Housing

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
41100	SALARIES-GENERAL	395,664	390,205	465,631	421,219	491,205
41270	SALARIES-PART-TIME	2,857	25,911	23,565	20,200	23,565
41280	SALARIES-P.T.-REIMB	337	42	-	-	-
41320	SALARIES-OTHER PAYOUT	8,189	5,062	8,055	8,055	8,582
41490	OVERTIME-GENERAL	77	107	500	100	300
41560	UNEMP. INS	35	35	1,051	455	2,065
41620	RETIREMENT-GENERAL	18,094	21,643	37,487	33,059	68,523
41690	DEFERRED COMPENSATION	5,187	6,761	7,228	9,072	7,922
41700	GROUP INSURANCE	27,412	32,941	47,522	44,550	59,816
41701	MEDICARE	5,824	6,128	6,752	6,861	7,122
41730	INCOME PROTECTION INS	4,893	5,767	5,620	6,513	5,854
41760	WORKERS COMP	9,100	9,743	14,060	14,037	21,969
41799	BENEFITS	3,046	3,072	-	3,120	-
41800	UNIFORM	-	-	-	157	150
41900	CONTRACT LABOR	2,477	-	2,000	-	2,000
41000s	<<EMPLOYEE SERVICES>>	483,190	507,416	619,471	567,398	699,073
42214	TELEPHONE	5,923	7,586	9,000	9,360	8,764
42228	GASOLINE & OIL	267	283	500	500	500
42230	SPECIAL COUNSEL	12,544	-	5,000	1,000	5,000
42231	CONTRACT SERVICES	82,552	50,168	37,939	5,600	5,600
42233	AUDIT FEES	-	-	2,600	2,600	2,750
42240	RENTALS - OUTSIDE	-	-	100	100	100
42242	RENTS	171	330	-	330	245
42244	STATIONERY & OFFICE SUPPLIES	2,619	1,582	1,800	1,800	2,000
42245	COMPUTER HARDWARE-NON CAPITAL	-	-	-	-	7,500
42246	COMPUTER SOFTWARE-NON CAPITAL	-	-	-	-	1,000
42248	OTHER SUPPLIES	973	1,284	1,000	1,000	1,000
42250	ADVERTISING	854	152	2,000	1,000	1,000
42252	PHOTOCOPYING	202	95	620	620	1,190
42254	POSTAGE & FREIGHT	2,244	2,661	2,600	2,800	3,000
42257	PRINTING	1,641	480	4,730	4,000	4,000
42261	AUTO MILEAGE	56	67	300	300	300
42265	AUTO ALLOWANCE	(58)	-	-	-	-
42281	SMALL TOOLS	446	171	300	300	300
42299	OTHER EXPENSE	145	102	800	800	300
42408	TRAINING & EDUCATION	1,652	235	3,530	2,000	3,650
42415	CONFERENCE & MEETINGS	3,610	1,265	2,810	1,775	3,500
42423	MEMBERSHIP & DUES	3,520	3,920	4,610	4,610	4,315
42435	SUBSCRIPTION & PUB.	532	298	1,000	1,000	1,031
42523	MAINT - MACHINE/EQUIPMENT	-	6	500	500	500
42526	MAINT - AUTO/TRUCKS	127	4,076	900	500	900
42531	MAINT - FURNITURE/OFFICE EQUIPMENT	1,209	1,141	1,000	500	500
42550	FLEET REPLACEMENT	2,531	2,500	-	-	-
42000s	<<SUPPLIES & SERVICES>>	123,760	78,403	83,639	42,995	58,945

[327-7100] BAHS Housing

Acct	Description	01/02 Actuals	02/03 Actuals	03/04 Current Budget	03/04 Estimated Actual	04/05 Adopted Budget
43835	FURNITURE/OFFICE EQUIPMENT	2,671	-	1,260	1,260	1,260
43840	COMPUTER EQUIPMENT	1,583	564	500	500	-
43845	COMPUTER SOFTWARE	762	869	1,000	-	-
43000s	<<CAPITAL OUTLAY>>	5,016	1,433	2,760	1,760	1,260
44994	LEASE PAYMENTS	321	305	-	-	-
44000s	<<DEBT SERVICE>>	321	305	-	-	-
45000	GF ADMIN	82,884	98,729	106,817	106,817	95,426
45003	GENERAL LIABILITY INS	-	6,088	5,061	5,061	3,642
45004	BLDG MAINT SERVICES	10,607	12,760	16,986	16,986	10,139
45006	FLEET REPLACEMENT	-	-	-	-	4,586
45009	I.S. SERVICES	9,038	13,440	8,697	8,697	6,118
45000s	<<INTERNAL SERVICES>>	102,528	131,018	137,561	137,561	119,911
49201	TRANSFER OUT-202 (STREET MAINTENANCE)	-	-	-	25,000	-
49235	TRANSFER OUT-206 (COM DEV)	46,855	-	-	-	-
49285	TRANSFER OUT-234 (MOBILE HOME PK)	60,000	-	50,000	350,000	-
49000s	<<TRANSFERS>>	106,855	-	50,000	375,000	-
82229	RDA-SPECIAL COUNSEL	-	-	35,000	25,000	25,000
82230	SPECIAL COUNSEL	-	18,547	-	-	-
82231	CONTRACT SERVICES	-	72,098	80,200	25,000	35,000
82299	OTHER EXPENSE	-	95	-	-	-
86100	ACQUISITION EXPENSE	-	-	400,000	400,000	400,000
86280	PROPERTY MANAGEMENT	1,099	2,700	3,000	3,000	5,000
86400	PROCESSING & SERVICING	5,577	3,571	100,813	74,000	94,000
86420	LOAN AMOUNT	381,817	215,644	400,000	300,000	375,000
86440	GRANT AMOUNT	548,636	450,715	588,214	400,000	375,000
86440	GRANT AMOUNT	-	-	-	-	25,000
86440	GRANT AMOUNT	-	-	-	-	15,000
86440	GRANT AMOUNT	-	-	-	-	16,000
86441	NEW HOUSING PROGRAMS	5,143,886	1,088,890	6,938,110	4,670,000	3,580,000
86442	LAND BANKING	7,100	-	-	-	-
86443	INFILL BMR HOUSING	-	56	-	-	-
86000s	<<PROJECT EXPENDITURES>>	6,088,115	1,852,315	8,545,336	5,897,000	4,945,000
	RDA-HOUSING	6,909,785	2,570,889	9,438,767	7,021,714	5,824,189

Miscellaneous Programs

[010-3510] Fire Services

[240-2610] Employee Assistance Programs

Internal Services

[730-2520] Information Systems

[760-8230] Unemployment Insurance

[770-8220] Workers' Compensation

[790-8500] Equipment Replacement

[795-8210] General Liability

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[240-2610] Employee Assistance Program

ACTIVITY DESCRIPTION

This fund, established in FY 2002/03, supports various employee financial assistance programs. The FY 2003/04 budget includes funding for the employee computer loan program begun in 2002/03. Through this program, an employee may borrow up to \$2,000 to purchase a computer system for home use. The employee repays the City's with payroll deductions over 24 months. Staff projects approximately 30 loans will be made each year.

ACTIVITY GOALS

- Make technology use affordable for all employees
- Encourage the use of technology outside of the workplace
- Increase the understanding and potential of technology
- Improve skills in the workplace by encouraging use at home

FINANCIAL COMMENT

Total funding in FY 2002/03 was \$40,000. The funds were available to employees on a revolving basis. Future loans will be made from the repayments of previous loans.

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number of computer loans	n/a	34	40

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The City's Information Technology Management Group, which has representatives from all City sites, works with a contracted firm to ensure the reliability of the City's data processing systems and to plan for future City information technology needs.

- Negotiated rate reduction from existing maintenance vendor to reduce costs
- Installed wireless networking system between City buildings to provide redundancy that will allow crucial City systems to remain operational if one of the City's fiber optic cables gets severed

- There is no workplan for the City's Information Services activity, as current budget constraints prohibit major investments in information systems.

- Establish new contract for computer maintenance services.

The Information Services budget is an Internal Service Fund. Operating budget charges are based on the number of computer users in that department. The proposed budget incorporates 20% of a management staffperson's time in order to account for the significant time expenditure associated with this activity.

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The Human Resources Office manages the unemployment insurance (UI) activity and budget. Working in conjunction with the State Employment Development Department, the Human Resources Office evaluates claims for benefits in an effort to manage the City's liability in this area. The City has chosen the self-insured method as the most cost-effective way to manage the City's unemployment insurance costs, therefore, the City reimburses the State for actual costs incurred for the payment of UI benefits. The State bills the City quarterly so payment to the qualified former employee actually precedes the City's reimbursement to the State.

The budget for this activity was increased for FY 2004/05 because of increased claims experience during 2004/05. In addition, the passage of Senate Bill 40 in October, 2001 increases the maximum weekly benefit amount from \$410 in 2004 to 450 in 2005.

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[770-8220] Workers' Compensation

ACTIVITY DESCRIPTION

The Human Resources Office has primary responsibility for the City's workers compensation program. The City is self-insured for this employee benefit. Each department pays a portion of the program's cost based on gross wages and level of risk for the various job classifications within the department. The City is responsible for the first \$250,000 of each claim and has an excess insurance policy from that level up to \$5,000,000. The City belongs to an excess insurance joint powers authority called Local Agency Workers Compensation Excess Insurance (LAWCX) for the purpose of pooling for excess insurance. A third party administrator, Athens Administrators, handles day-to-day workers compensation claim administration.

FY 2003/04 HIGHLIGHTS

- Held regular City Safety Committee meetings and continued regular safety training
- Provided training to supervisors regarding processing claims, working with our TPA Athens Administrators and the HR Department
- Closed five complex claims which were several years old

FY 2004/05 ACTIVITY GOALS

- Continue to provide City employees with safe work practice information, with the goal of reducing work place injuries
- Maintain an assertive position in monitoring the activities of the third party administrator to close cases as soon as is appropriate

FINANCIAL COMMENTS

Insurance premiums for our excess insurance continue to skyrocket, causing a budget increase. In addition, workers' compensation weekly temporary disability payments increased from \$602 for 2003 to \$728 for 2004 and will increase to \$840 on 1-1-05.

	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ.</u>	<u>GOAL</u>
• Number of workers' compensation claims involving temporary disability benefits	9	11	8
• Number of lost work days caused by temporary disability	739	720	675
• Average length of time (days) to bring an injured employee off temporary disability	74	80	70

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[790-8500] Equipment Replacement

ACTIVITY DESCRIPTION

The Equipment Replacement Fund provides a mechanism for the City to budget and fund future replacement of vehicles. Each department that uses City vehicles is charged an annual fee based on future replacement costs and the useful life for each vehicle.

FY 2003/04 HIGHLIGHTS

- This program continues to provide a basis for the City to plan for and achieve incremental costs related to vehicle replacement so as to smooth fluctuations in the City budget in any given fiscal year.
- The Fleet Management Committee was formed and met regularly to coordinate purchasing and surplus of vehicles.
- The Fleet Management Committee developed a Collision Reporting Policy.

FY 2004/05 ACTIVITY GOALS

- The Finance Department will continue to provide a budgetary planning tool for departments including calculation of salvage values, serviceable life spans, accounting replacement contribution, and interest distribution. These tracking tools will be updated periodically.
- The Fleet Management Committee will work to increase coordination between departments in managing their equipment and vehicles.

FINANCIAL COMMENTS

For 2004/05, the City will defer most vehicle purchases because of the financial constraints currently facing the City. In addition, because staff has identified excess available reserves available in this fund, some departments will receive reductions in replacement charges for 2004/05. These reductions in charges will not affect the City's ability to replace vehicles as needed. Pre-funding of vehicle replacement provides for a measure of budget predictability, insures timely replacement which enhances safety and efficiency, and reduces the need for deficit spending based on a large capital outlay in any given fiscal year. For FY 2004/05 the following equipment are proposed to be replaced:

<u>Equipment to be Replaced</u>	<u>Estimated Replacement Cost</u>
Five (5) Police Patrol Vehicles	\$150,517
One (1) UNET vehicle	\$35,150

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Supplemental Information

Analysis of Recreation Revenues, Costs and Impact to the General Fund

Current and Future Grants

Discretionary Reserves

Final Allocation for Redevelopment Amendment Allocation

Financial System Upgrade

General Fund Cashflow Analysis

General Fund Expenditure Reduction Ideas Not Incorporated In Budget

Inhibitors to Economic Development

Relationship With Other Agencies

Revenue Sources

Analysis of Recreation Revenues, Costs and Impact to the General Fund

<u>Recreation Analysis</u>	<u>Actuals FY 01/02</u>	<u>Analysis Projection¹ FY 02/03</u>	<u>Actuals FY 02/03</u>	<u>Analysis Projection¹ FY 03/04</u>	<u>Current Projection FY 03/04</u>	<u>Analysis Projection¹ FY 04/05</u>	<u>Current Proposed FY 04/05</u>
Recreation Admin Costs	(554,987)	(512,100)	(522,839)	(455,500)	(587,589)	(469,200)	(310,551)
CCC Revenues ²	-	333,100	207,113	640,700	596,215	918,700	769,750
CCC Expenditures ³	-	763,900	794,220	1,155,300	1,046,300	1,190,100	1,295,774
Net CCC Costs	-	(430,800)	(587,107)	(514,600)	(450,085)	(271,400)	(526,024)
Aquatics Revenues	-	-	-	73,833	73,833	733,500	1,181,625
Aquatics Expenditures ⁴	-	-	-	273,890	276,354	921,000	1,179,260
Net Aquatics Costs	-	-	-	(200,057)	(202,521)	(187,500)	2,365
Volunteer Services Costs	(44,161)	(27,891)	(26,512)	(22,927)	(22,927)	(36,164)	(55,912)
Transfer in from Rec Fund (210)	-	455,700	520,332	312,000	265,000	-	-
NET IMPACT TO GENERAL FUND	(599,148)	(515,091)	(616,127)	(881,084)	(998,122)	(964,264)	(890,122)

¹ FY03/04 Adopted Budget (page 297) with adjustments to include Aquatics and Volunteer Services

² Includes Gavilan & Playhouse Revenues

³ Includes CCC Maintenance Costs

⁴ Includes Aquatics Maintenance Costs

<u>Analysis Projection¹ FY 05/06</u>	<u>Analysis Projection¹ FY 06/07</u>
(483,300)	(469,200)
946,200	918,700
1,225,800	1,190,100
(279,600)	(271,400)
763,750	794,000
893,500	866,500
(129,750)	(72,500)
(37,249)	(38,366)
-	-
(929,899)	(851,466)

Current and Future Grants

The following is a list of current and future grants that the City has received and/or will receive in future years.

In FY 2003/04, the City was approved to receive the following grants:

• Recycling Grant	\$ 9,806
• Supplemental Law Enforcement Funding Grant	100,000
• Community Development Block Grant	172,200
• Bulletproof Vest Grant	4,476
• Downtown Transit Center at-grade Pedestrian Crossing	150,000
• MTC-TLC Grant/Transit Village	50,000
• Butterfield Blvd. Linear Park (TEA Grant)	258,383
• Homeland Security Grant	11,514
• Edmundson Reservoir CEC grant	169,500

We will receive the following grants in FY 2004/05:

• Supplemental Law Enforcement Funding Grant	100,000
• Bulletproof Vest Grant	3,000
• Community Development Block Grant	166,640
• RATTF Grant	100,000
• SRO Grant	56,700
• Medical Reserve Corps Grant	50,000
• Local Law Enforcement Block Grant	5,000
• COPS in School Grant	25,000

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• General Fund (including \$4.3 million in designations):	8,136,787
• Public Safety Trust Fund	250,994
• Community Centers Fund	151,116
• Employee Assistance	83,790 ⁽¹⁾
• Park Maintenance Fund	3,114,003
• Information Systems Internal Services Fund	268,240 ⁽¹⁾
• Building Maintenance Internal Services Fund	1,101,733 ⁽¹⁾
• Unemployment Insurance Internal Services Fund	52,214 ⁽¹⁾
• Workers' Compensation Internal Services Fund	109,926 ⁽¹⁾
• Equipment Replacement Fund	3,236,612 ⁽¹⁾
• General Liability Insurance Fund	890,021 ⁽¹⁾

(1) Amount in these funds could only be partially transferred to General Fund since these funds have accumulated contributions from various funds, including the General Fund. Remaining balances would need to be credited back to the other contributor funds.

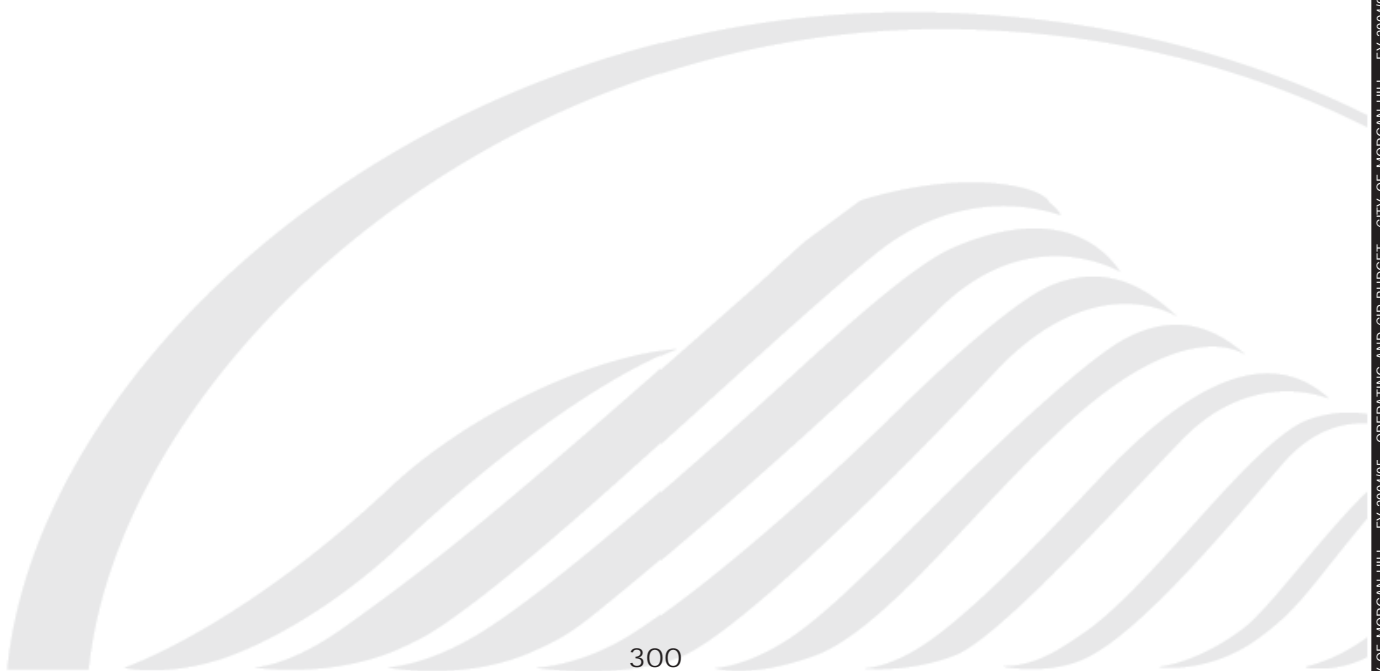
Final Allocations for Redevelopment Amendment Projects

Project Description	Agency October 2003 Allocations For Projects	Amount Committed or Expended thru June 2005	Available for Remaining Years
PUBLIC FACILITIES			
Community Center	7,900,000	7,900,000	-
Community Playhouse	3,000,000	3,000,000	-
Library	5,500,000	2,055,000	3,445,000
Aquatics Center	12,350,000	12,350,000	-
Indoor Recreation Center	26,200,000	10,920,000	15,280,000
Sports Complex	7,650,000	7,650,000	-
Regional Soccer Complex	1,000,000	21,000	979,000
TOTAL ALLOCATION	63,600,000	43,896,000	19,704,000
FLOOD CONTROL/STORM DRAIN	7,100,000	352,000	6,748,000
STREET IMPROVEMENTS	15,000,000	14,904,000	96,000
ECONOMIC DEVELOPMENT	15,000,000	12,494,000	2,506,000
DOWNTOWN RFC	3,000,000	1,000,000	2,000,000
HOUSING	32,000,000	25,084,000	6,916,000
ADMINISTRATION	11,300,000	6,321,000	4,979,000
UNALLOCATED*	-	-	-
TOTAL PLAN AMENDMENT ALLOCATION	\$147,000,000	104,051,000	42,949,000

NOTES:

The Total Plan Amendment Allocation does not include a \$5.7M carryover from the "old" plan amendment which would be applied toward the public facilities category. The fiscal cap for the new plan amendment is \$147M. These allocations were revised in October 2003 by the City Council/Agency. Admin and Housing estimates assume RDA plan reaches its fiscal cap in FY07-08. The Agency specifically identified allocated amounts for the community facilities category. For the other categories, no amounts are specifically identified per project, but rather only the total for the category. As a result, the "available remaining funds column" shows the total remaining from the allocation. The amounts committed or expended represent amounts incurred since FY00-01. This column also includes the budgeted amounts for FY04-05. For the Downtown RFC we assumed expenditure of \$1M in ED funds for the RFP. For CIP projects in design, we assumed that design services could be canceled and funds made available for other projects. The expenses only reflect RDA funds and do not necessarily represent total project costs. A new category was added for the downtown RFC which reallocated \$1M from Street Improvements, ED, and Housing.

*The "unallocated" category shows a \$0 amount because the pass-thrus to other agencies are much higher than anticipated which requires a larger contribution to the low/mod fund. Thus, the \$1M in this category was reallocated to the low/mod category to comply with redevelopment law requirements.



Financial System Upgrade

The City of Morgan Hill has completed an extensive analysis and review of its current financial system. The system is problematic, outdated and has limited technical support. Reporting is extremely limited. Staff spends many hours manually creating reports for council, outside agencies and state and federal taxing authorities. The need to upgrade is apparent.

In February 2003 the City requested proposals for a new financial system. We received six responses. A committee of staff from various departments was formed to evaluate, interview and participate in live demonstrations. The committee unanimously selected Eden Systems software. The committee considers Eden a cost effective decision that will provide additional functionality and reduce duplicative work efforts.

Eden Systems is a state of the art governmental financial software package. It is widely used California with over 60 client sites. Eden users have a higher propensity to recommend the software than other vendors. It is user friendly, has endless reporting capabilities and strong search/retrieve capabilities.

The total cost to convert to Eden Systems is approximately \$340,000. Including annual maintenance costs, acquiring Eden would cost the City \$97,000 annually for the next five years, or \$67,000 annually over the next ten years. The committee believes the system will take us into the future and meet our growing needs.

Staff has identified numerous enhancements with Eden that will provide increased functionality and save staff time. Analysis shows that the City will receive approximately \$99,099 in increased productivity and cost savings each year. Add to that the \$20,000 savings from eliminating the current system annual support and the decision to purchase Eden becomes more cost effective.

The budget for fiscal year 2004/05 includes \$287,025 for the purchase of Eden Systems. It is anticipated that the hardware, database and business license module will be purchased in fiscal year 2003/04 at a cost of \$51,550. Costs have been divided among user funds including the general fund, redevelopment agency fund, water and sewer operating funds, CIP administration fund and reserves previously set aside for this purchase in the information systems fund.

Eden Implementation Costs

PROJECT COST	FY 03/04	FY 04/05	Total
Hardware	10,000	2,500	12,500
System Database	7,150	-	7,150
Core Financials	-	52,750	52,750
Business License	32,600	-	32,600
Payroll	-	60,300	60,300
Position Budgeting	-	7,150	7,150
Budget Preparation	-	10,500	10,500
Requisitioning	-	6,350	6,350
Accounts Receivable	-	21,200	21,200
Cash Receipting (5 stations)	-	60,125	60,125
Project Accounting	-	35,500	35,500
Other Vendor Products & Svs	1,800	30,650	32,450
TOTAL	51,550	287,025	338,575

COST DISTRIBUTION	FY 03/04	FY 04/05	Total
<i>General Fund</i> [†]	35,250	51,525	86,775
RDA Fund	16,300	-	16,300
Sewer Fund		12,000	12,000
Water Fund		12,000	12,000
IS Fund		200,000	200,000
CIP Administration Fund		11,500	11,500
TOTAL	51,550	287,025	338,575

¹ General Funds will be transfered to IS Fund

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<u>Cost Analysis</u>	
1st Year of Ownership	338,575
Average cost over 5 years	96,883
Average cost over 10 years	66,672

Financial System Upgrade(Continued)

This analysis quantifies the benefits of switching to Eden into dollars. The analysis determines the hours per week of increased productivity/time saved, and multiplies it by the average hourly wage of a department, to achieve an annual dollar benefit.

Legend

✓ Increased functionality

⌚ Decreased processing time

Hours/Week

	Accounts Payables	13.0
✓	More payment options – Such as EFT, credit card processing and Positive Pay	1.0
⌚	Check reconciliation from bank magnetic media	0.5
✓⌚	Multiple options for fully reversing voided checks	0.5
✓⌚	Recurring invoices and invoice templates – Payments to vendors such as PG&E, Verizon & City of Morgan Hill (water) will be simplified/automated.	1.0
⌚	Electronically stored signatures – No longer need to use signature cartridges, which on occasion messes up the printing of checks. Time is also saved by trying to get a live signature for “handwritten” checks	1.0
⌚	Automated “handwritten” checks – Eden’s system easily allows staff to produce a “handwritten” check, compared to CCS	2.0
⌚	Improved support of decentralized AP entry – Police and other departments can input their own invoices to reduce duplications and errors	2.0
✓⌚	Extensive payables history, accessible by vendor, PO, invoice or virtually any data associated with payment allows quicker retrieval of pertinent information	5.0

	Accounts Receivables	5.0
✓⌚	Unlimited querying and reporting capabilities – Eden provides quick access to all receivables transactions, including any supporting attachment	1.0
✓	Unlimited number of memos in customer’s history	1.0
✓	One-time billing of miscellaneous receivables and full support of recurring receivables	1.0
⌚	Improved invoice reprinting process – CCS only allows single reprints of invoices	2.0

	Purchasing	4.0
✓⌚	On-line Approvals – email-enabled routing allows for an entirely paperless requisition	2.0
✓⌚	On-line Inquiries and Reporting – Expedites information research	1.0
✓⌚	Customizable procedure flows – The process from requisition to purchase order can be customized to best fit the need of the city	1.0

	Timesheets/Payroll/HR	11.0
⌚	Decentralized Timesheets – Eden allows departments to input their timesheets, thus reducing the repetition (and errors) of entering timesheet information.	3.0
⌚	Timecard entries to verify against leave balances – As individual does time entry, Eden will inform the individual if there is adequate leave balance.	1.0
⌚	Increased integration between HR and Payroll – Eden allows increased integration between the two functions, saving time on repetitive data entry	1.0
⌚	Automatic Retro Pay – At times, the current system takes up to 2 hours to process	2.0
✓⌚	Simplified End-of-Month Reporting – End of month will not require reentering employee information onto Excel to balance and send to State & Fed.	0.5
⌚	More details on timecard entries will help project management without double entries (payroll & department).	0.5
✓	Multiple Direct Deposits – Current system does not allow direct deposit to various	3.0

[illegible]

Estimated dollars from increased productivity/time savings (annual)	\$	99,099
Plus savings from eliminating CCS maintenance costs (annual)	\$	20,000
<u>exceeds Eden's annual cost of ownership</u>		
Average annual cost of ownership – Eden for 5 years	\$	96,883
Average annual cost of ownership – Eden for 10 years	\$	66,672

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	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<i>Beginning Balance</i>	10,289,784	10,870,767	10,747,741	9,821,672	7,912,450	6,852,380	6,547,025
Revenues & Trnfrs In	15,434,532	15,802,766	15,263,345	16,860,423	18,261,796	19,993,023	20,344,583
Exps/Trnsfers Out(7)	(14,853,549)	(15,925,792)	(16,189,414)	(18,769,645)	(19,321,866)	(20,298,378)	(21,349,180)
<i>Ending Balance</i>	10,870,767	10,747,741	9,821,672	7,912,450	6,852,380	6,547,025	5,542,427
Less:Designations(4)	3,382,000	7,350,974	3,621,572	4,114,331	4,470,151	4,902,161	4,989,231
<i>Undesq Fd Balance</i>	7,488,767	3,396,767	6,200,100	3,798,119	2,382,229	1,644,864	553,197

General Fund Cashflow Analysis

(Continued)

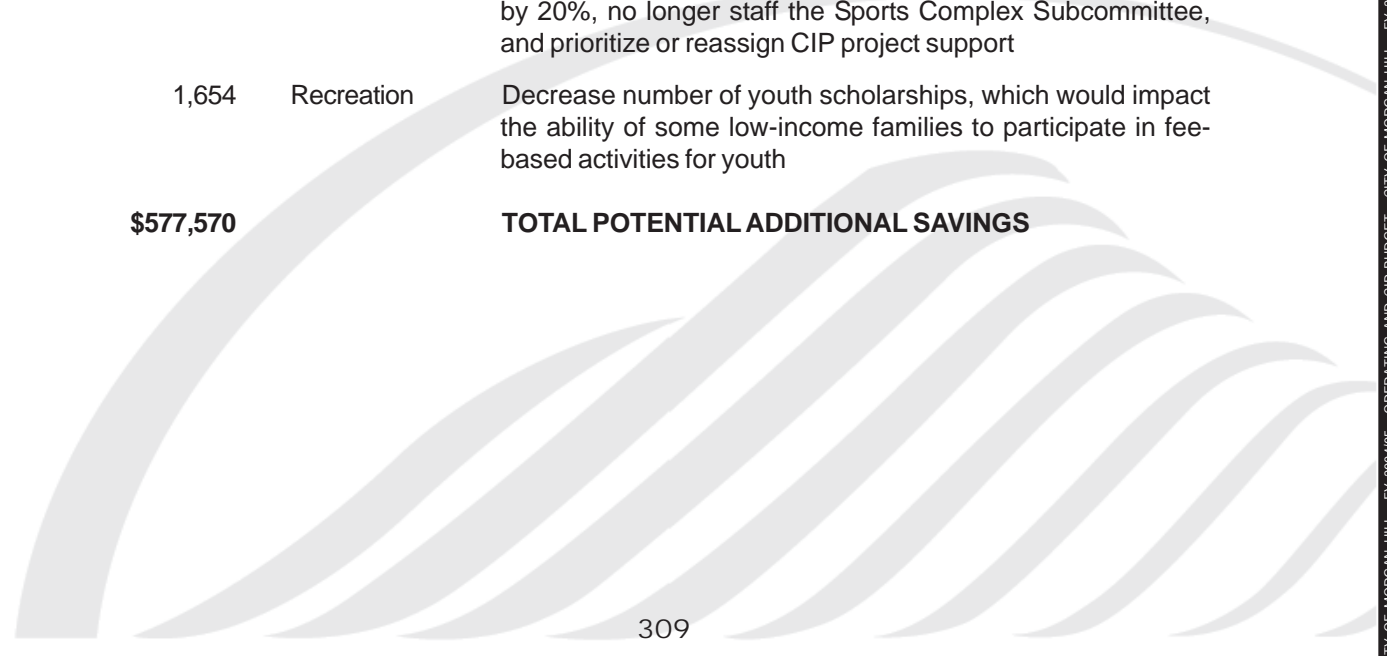
REVENUE DETAIL	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
TAXES:							
Property Tax	2,167,507	2,315,105	2,445,603	2,567,900	2,696,295	2,831,110	2,972,665
State prop tax taking				(320,000)	(336,000)	(352,800)	(370,440)
Sales Tax-Base Line	4,870,294	4,636,927	4,180,745	4,306,000	4,521,300	4,747,365	4,984,733
Sales Tax-New Bus.	-	-	42,000	294,000	308,000	315,000	320,000
TOT Tax	931,716	882,194	900,000	945,000	1,020,600	1,102,248	1,190,428
Franchise Fees	954,641	966,134	966,576	965,000	993,950	1,023,769	1,054,482
Pub Sfty Sales Tax	289,705	264,603	240,000	252,000	264,600	277,830	291,722
Property Trnsfr Tax	267,399	288,411	350,000	367,500	378,525	389,881	401,577
TOTAL TAXES	9,481,262	9,353,374	9,124,924	9,377,400	9,847,270	10,334,402	10,845,167
LICENSES/PERMITS	205,595	196,209	197,261	201,720	207,772	214,005	220,425
REVENUE FROM OTHER AGENCIES:							
Motor Vehicle Fee(8)	1,904,697	2,035,157	1,500,000	2,157,266	2,221,984	2,918,983	2,600,733
Other	254,706	163,211	253,014	304,400	200,000	200,000	200,000
TOTAL REV-AGNS	2,159,403	2,198,368	1,753,014	2,461,666	2,421,984	3,118,983	2,800,733
FINES/PENALTIES	108,962	78,552	52,000	47,000	48,410	49,862	51,358
CHARGES - CURRENT SERVICES:							
Recrtn/CCC Classes	40,718	123,951	224,783	326,750	336,553	346,649	357,049
Aquatics Revenue(2)	-	-	73,833	1,181,625	1,217,074	1,253,586	1,291,194
Gen Admin Overhd	1,575,484	1,855,934	2,007,978	1,793,851	1,847,667	1,903,097	1,960,189
Other Charges	313,400	241,361	280,935	234,050	241,072	248,304	255,753
TOTAL CUR SRVS	1,929,602	2,221,246	2,587,529	3,536,276	3,642,364	3,751,635	3,864,184
Interest earnings	586,674	402,677	250,000	250,000	298,000	278,000	262,000
CCC/Gavilan Rent	-	69,568	368,132	443,000	456,290	469,979	484,078
Other Rentals	41,412	105,200	108,000	126,261	144,093	152,926	152,959
Other new revenues					800,000	1,224,000	1,260,720
Other	53,350	252,240	45,427	14,000	14,420	14,853	15,298
TOTAL OTH REVS	681,436	829,685	771,559	833,261	1,712,803	2,139,757	2,175,056
TRANSFERS IN							
Park Maintenance	100,000	100,000	200,000	125,000	100,000	100,000	100,000
Sewer/Water/Other	263,235	35,000	39,058	103,100	106,193	109,379	112,660
Public Safety	505,037	270,000	273,000	175,000	175,000	175,000	175,000
Community Rec Ctrs		520,332	265,000	-	-	-	-
TOTAL TRFRS IN	868,272	925,332	777,058	403,100	381,193	384,379	387,660
TOTAL REVS/XFRS	15,434,532	15,802,766	15,263,345	16,860,423	18,261,796	19,993,023	20,344,583

General Fund Cashflow Analysis (Continued)

EXPENDITURES:	2001/02	2002/03 ⁽⁵⁾	2003/04 ⁽⁵⁾	2004/05	2005/06	2006/07	2007/08
City Council	205,837	220,627	204,842	174,319	179,549	184,935	190,483
City Clerk	412,451	288,986	339,098	381,330	392,770	404,553	416,690
City Mngr/Cable TV	530,387	514,855	538,916	439,265	452,443	466,016	479,997
Recreation	555,522	522,839	610,516	366,463	377,457	388,781	400,444
Community & Cul Ctr.	-	794,220	1,046,300	1,295,774	1,334,647	1,374,687	1,415,927
Aquatics(2)	-	-	276,354	1,179,260	1,214,638	1,251,077	1,288,609
Police	5,946,049	6,044,109	6,520,598	7,929,250	8,196,220	8,442,107	8,695,370
Police Debt Serv(1)	-	-	-	79,000	210,000	210,000	210,000
Fire	3,559,610	3,623,938	3,745,220	4,194,617	4,356,154	4,642,500	4,967,800
City Attorney	702,577	851,468	578,622	591,191	608,927	627,195	646,010
Medical Services	192,526	115,000	-	-	-	-	-
Finance	1,035,844	1,005,030	914,962	927,325	955,145	983,799	1,013,313
Human Resources	537,155	572,828	558,309	485,417	499,980	514,979	530,428
Park Maintenance	649,472	834,892	760,427	723,072	744,764	767,107	790,120
PERS Rates(3)	-	-	-	-	145,355	285,549	434,024
Health Costs(6)	-	-	-	-	103,818	220,095	350,325
Workers Comp Costs(7)	-	-	-	-	50,000	50,000	50,000
Other projected savings	-	-	-	-	(400,000)	(412,000)	(424,360)
Less: 1% salary savings	-	-	-	(95,663)	(100,000)	(103,000)	(106,000)
Total Expenditures	14,327,430	15,388,792	16,094,164	18,670,620	19,321,866	20,298,378	21,349,180
Transfers Out							
Street Maintenance	270,000	377,000	-	-	-	-	-
Building Maint/Other	56,119	-	-	-	-	-	-
General Plan Update	-	60,000	-	-	-	-	-
Information Services	-	-	35,250	49,025	-	-	-
Employee Assistance	-	-	60,000	-	-	-	-
Community Centers	200,000	100,000	-	50,000	-	-	-
Total Transfers Out	526,119	537,000	95,250	99,025	-	-	-
TOTAL EXPS/TRFS	14,853,549	15,925,792	16,189,414	18,769,645	19,321,866	20,298,378	21,349,180

- (1) Cost of acquiring/building a new police station reflect the portion of debt service to be paid by the General Fund
- (2) Annual operating costs are assumed to equal annual revenues beginning in 2004/05
- (3) PERS Rate changes are in addition to, and do not include, prior significant PERS increases which are reflected in departmental budgets
- (4) Beginning in 2004/05, the General Fund target reserve has been established as 25%, based upon City Council direction in January 2004.
- (5) Expenditures for 2002/03 include \$222,404 for prior year carry-over encumbrances and for prior year projects rebudgeted in 2002/03. Projected 2003/04 expenditures include \$79,660 in prior year carry-over encumbrances.
- (6) Health costs separately shown represent projected costs in excess of the assumed 3% inflation rate.
- (7) Workers Comp separately shown represent an increase to Workers' Comp Fund reserves
- (8) A one-time loss in Motor Vehicle In-Lieu Fees, amounting to \$630,340 shifted to the State, is reflected in 2003/04 and is offset by a State repayment of \$630,340 to the City in 2006/07, as required by AB 1768.

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Item	Amount	Description
Recreation	1,654	Decrease number of youth scholarships, which would impact the ability of some low-income families to participate in fee-based activities for youth
TOTAL POTENTIAL ADDITIONAL SAVINGS	\$577,570	

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by 20%, no longer staff the Sports Complex Subcommittee, and prioritize or reassign CIP project support

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There are a number of circumstances that hamper economic growth in Morgan Hill. Some of these circumstances arise out of City policies established to attain other, equally worthwhile goals. In particular, the following values directly compete with the value of encouraging economic development:

- Other circumstances that inhibit economic development reflect private-sector forces over which the City has little control. The table below provides additional details on the ways in which current conditions inhibit economic development. Activities that could mitigate these conditions and improve the climate for economic development are listed as well.

Economic Development Inhibitors Related to City Policies

Condition	Possible Mitigations	Staff Comments
<p><i>Impact Fees</i></p> <p>1) All impact fees, but particularly traffic and sewer impact fees, add to building costs.</p>	<p>1) Develop an RDA-sponsored program for impact fee payment or financing. A City-sponsored financing program already exists for sewer and traffic fees.</p>	<p>Dedicating RDA funds to a financing program necessarily reduces funding for other RDA activities.</p>
<p>2) Commercial and industrial developers pay impact fees at the time they pull building permits. (In accordance with state law, residential developers pay impact fees upon issuance of occupancy permit.) In some cases, fees may increase while they await plan check approvals.</p>	<p>2) Modify the municipal code to allow commercial and industrial developers to lock in fee calculations at the time of building plan check submittal. Recommend setting a period of time by which they need to pull a permit before fees will go up.</p>	<p>Some fees cannot be changed, such as burrowing owl fees, which are required under a settlement agreement, and school fees, which are required by state statute. One customer service improvement would be to collect school fees at City offices, eliminating one trip that developers now have to make in paying fees.</p>
<p><i>Utility Undergrounding Requirements</i></p> <p><i>The Municipal Code requires that overhead utilities be buried underground as property is developed. This adds to the cost of development.</i></p>	<p>Where appropriate, developers are permitted to pay in-lieu fees. The City recently adopted an in-lieu fee financing program.</p>	<p>If these costs are not borne by property developers, another funding source will need to be identified, or utilities will not be buried underground.</p>

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Economic Development Inhibitors Not Related to City Policies

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Inhibitors to Economic Development (Continued)

GOAL 1: Attract, Retain, And Expand Those Businesses That:

- *Create and/or retain quality jobs for Morgan Hill residents.*
 - *Enhance the local economic base by retaining or generating new sales and/or use tax revenue within the community.*
 - *Provide a shopping convenience presently lacking in the community.*
 - *Maintain a diversified local economic base.*
 - *Enhance and/or maintain the community's quality of life.*
-

Attraction Policies And Actions

Policy 1A: Establish and market an image that effectively attracts businesses to locate and invest in Morgan Hill. *(R/E)*

Policy 1B: Leverage Agency/City funds to assist businesses by:

- Maximizing the return to the City
- Ensuring that Agency monies attract other private investment dollars. *(R/E, D/T)*

Policy 1C: Review and evaluate the City's business assistance guidelines annually, at a minimum, and make modifications as appropriate. *(R/E, D/T, ACCT)*

Policy 1D: Continue implementing ongoing efforts to evaluate and revise entitlement process to reduce processing time, make it easier to use the process and enhance applicant satisfaction. *(R/E, D/T)*

Policy 1E: Encourage the assembly of parcels needed for commercial/industrial development at the three highway interchanges in Morgan Hill. *(R/E)*

Policy 1F: Participate proactively in regional efforts to evaluate future growth industries and/or emerging technologies and use the information to better position the City to take advantage of those future opportunities. *(R/E)*

Policy 1G: Target businesses that will act as a catalyst to stimulate other development. *(D/T)*

Action 1A: Improve the efficiency and effectiveness of business ombudsman services to the community.

Action 1B: Prepare a target industry/business analysis (Study) for both retail and industrial development. The Study would include both a cluster and an economic base analysis to identify existing industries/businesses in town and current development trends. The results of the Study would be coordinated with and used to further the City's marketing efforts.

Action 1C: Establish a business attraction program that contains the following elements:

- Establishes a "private-public" partnership approach for following up on leads from major corporations.
- Targets industries/businesses based on the results of the target business/cluster analysis.
- Coordinates marketing efforts with the private sector.

Inhibitors to Economic Development (Continued)

- Action 1D:** Develop a marketing strategy that includes the following elements:
- An advertising campaign
 - Target mailings
 - Preparation of any needed marketing collateral
 - Public relations campaign
- Action 1E:** Continue working with property owners and developers to facilitate the assembly of key commercial/industrial properties located at the three highway interchanges.
- Action 1F:** As a pilot program, prepare PUD guidelines for the Walnut Grove area to make it more ready for development.
- Action 1G:** Maintain the City Council's Economic Development Committee (with rotating membership) to discuss specific business proposals that are evaluated against established criteria/parameters for economic development loan/grant programs and to update this Strategy annually.
- Action 1H:** Continue implementing the auto dealership strategy and provide periodic status updates to the City Council.
- Action 1I:** The City Council's Economic Development Committee (EDC) will review the business assistance guidelines annually, at a minimum, and make recommendations to the City regarding revisions.

Retention/Expansion Policies And Actions

- Policy 2A:** Encourage the use/reuse of vacant buildings.
- Policy 2B:** Focus on the retention of those companies which:
- Have been successful in the community for a minimum of seven years with priority given to those which have national/international name recognition
 - Provide a stimulus or spin off effect for other similar businesses to locate in the area
- Policy 2C:** Retain and support expansion of commercial businesses which:
- Reflect the image and/or represent the history of Morgan Hill.
 - Create jobs, generate tax revenue to the City, and/or provide a service currently lacking in the community
- Policy 2D:** Encourage tourism.
- Action 2A:** Establish a business retention program that contains the following elements:
- Business visitation and/or surveying programs including the analysis of results and follow-up from a response team.
 - An "early warning system" to identify at-risk firms prior to their shut down or relocation.
 - A database of businesses in town by type and size needed for the retention/expansion program.
 - A program to assist small high tech or "niche" industries in town with their business-to-business activities.
- Action 2B:** Develop a reuse strategy for older, vacant industrial buildings.

Inhibitors to Economic Development (Continued)

GOAL 2: Sustain A Financially “Healthy” And Vibrant Downtown

Policies and Actions

Policy 2a: Encourage transit-oriented development with a mix of market and affordable housing in or adjacent to downtown.

Policy 2b: Encourage the revitalization of downtown by dedicating a specific amount of Agency's funds toward downtown development.

Policy 2c: Minimize the impacts that new large retail development may have on the financial viability of similar businesses in the City with particular focus on downtown. No City/Agency funds should be expended to minimize the impacts.

Action 2a: Provide start-up funding for and work with the Morgan Hill Downtown Association (MHDA) to implement a Main Street program in downtown.

Action 2b: Issue an RFP to solicit proposals for potential retail, commercial, residential, and/or mixed use developments in an expanded downtown area. Designate a specific amount of funding available to assist selected projects:

- \$1M in the Agency's 20% Housing Set-aside monies
- \$1M in Agency Economic Development funds
- \$1M in Agency funds allocated to infrastructure monies.

The Agency would use the Updated Downtown Plan to evaluate proposals and may choose to fund one or more projects.

Action 2c: Develop a reuse strategy for the Albertson's shopping center.

Action 2d: Evaluate the level and priority of public improvements needed for the downtown to stimulate development along Monterey Road.

Action 2e: Encourage and facilitate the earliest completion of PL566 to reduce the potential for flooding downtown.

Action 2f: Research and evaluate programs and policies implemented by other cities to minimize the impacts that new large retail development may have on the financial viability of similar businesses in the downtown area.

Inhibitors to Economic Development (Continued)

GOAL 3: Ensure The Accountability Of All Economic Development Partnerships

Policies and Actions

Policy 3A: All economic development programs and activities provided by Economic Development Partnerships (Partnerships) or City/Agency staff will be required to establish and regularly report on goals/objectives, performance measures, and action plans which will be used for regular evaluations.

Policy 3B: The City will encourage all Partnerships to become financially self-sufficient over an established period of time.

Action 3A: The City's Economic Development Committee will:

- Semiannually assess the effectiveness of all Partnerships and City activities against the EDS and established goals and performance measures.
- Assist in establishing the goals, objectives and performance measures for the various Partnerships and City economic development programs.
- Suggest improvements and alternate approaches for Partnerships and City programs in meeting EDS goals and policies, as appropriate.

Action 3B: The City Council will receive semiannual updates of financial resources available for economic development activities and the status of funded activities including, but not limited to, private investment leveraged, revenues generated, jobs created/retained, and status of implementation.



Relationship With Other Agencies

The City of Morgan Hill partners with other agencies/entities in order to provide, facilitate or otherwise further public purposes. Those agencies that are a component unit of the City are reported in the City's annual financial statements. Others do not meet the criteria for reporting as established by Generally Accepted Accounting Principles. However, the City believes the following list, and definition of terms, may be helpful to the readers of the budget document in understanding the various relationships in which the City engages.

Joint Powers Authority

- Morgan Hill Corporation Yard Commission: A joint powers authority between the Morgan Hill School District and the City to facilitate the sharing and maintenance of public facilities.
- South County Regional Wastewater Authority: A joint powers authority between the City of Gilroy and the City of Morgan Hill for the sharing of sewer transport and treatment.
- Association of Bay Area Governments: A joint powers authority of multiple bay area cities to provide efficient and effective liability insurance pools.
- Local Agency's Worker's Compensation Excess Liability: A joint powers authority of multiple bay area cities and districts to obtain cost effective excess worker's compensation insurance.
- California Disaster and Civil Defense Mutual Aid: Disaster Assistance
- Employee Relations Service: Sharing of information and studies regarding recruitment, wages and benefits.

Associated Non-Profit Groups

The following non-profit groups provide business and community services within the City of Morgan Hill. The City provides financial support to these groups to assist with community needs.

- Catholic Charities
- Community Solutions
- Emergency Housing Consortium
- Lighthouse
- Live Oak Adult Day Services
- Morgan Hill Chamber of Commerce
- Morgan Hill Downtown Association
- Project Sentinel
- Santa Clara Association of Cities
- Second Harvest Food Bank

Redevelopment and Housing Authorities

- Redevelopment Agency of the City of Morgan Hill: Provides community improvements, services to businesses, economic development and low income housing and housing rehabilitation.

Special Districts

- Santa Clara County Central Fire District: Provides fire service and emergency response to a defined geographical area which includes the City of Morgan Hill.
- Morgan Hill Wastewater Financing Authority: To facilitate the issuance of debt for improvements to wastewater system.
- Morgan Hill Financing Authority: To facilitate the issuance of bonds for reassessment of the Morgan Hill Ranch Assessment District 1994-I.

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

- Morgan Hill Post No. 444 American Legion: Free and exclusive use of one community meeting room at 17666 Crest Avenue.
- County of Santa Clara Morgan Hill Branch Library: Zero lease payments for Library building. City provides maintenance of grounds and parking area.
- YMCA of Santa Clara County: \$1.00 per year lease payment for facilities to operate youth and senior centers.
- Woodland Estates: \$1.00 per year lease payment for open space near Llagas Creek in the Woodland Estates neighborhood. City provides maintenance and upkeep of property.

- Joint Powers Authority:
Agency established by government entities to combine the authority of individual entities to meet a common objective or provide a common service
- Contributory Agreement:
Agreement between a government and a private organization, usually a *non-profit* group, where the government agrees to financially contribute money or facilities to satisfy the needs of the community.
- Special Districts:
Single purpose districts that are not tied to a city boundary, but to an area served. They have taxing authority for specific purposes within the geographical boundaries. The Board of Directors is elected by the public.

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					employee count or gross receipts (current tax combination of flat fee/employee count)
UTILITY USERS TAX	general tax	majority of electorate	estimate of up to \$650,000 per 1% tax rate	general	Can be applied to gas, electric, telephone, sewer, water, refuse, cable tv, and pay phone & mobile phone calls orig. in City

Revenue Sources (Continued)

Revenue Source	Revenue Type	Voter Approval Required? Who Votes?	Estimated Potential Annual Dollars	Use of Revenue	Comments
DEVELOPMENT TAX	general tax	majority of electorate	to be determined	general	Excise tax on privilege, activity, or availability of development or use of municipal services. Imposed on new construction based on no. of units, no. of bedrooms, or square footage.
MELLO ROOS TAX	special tax	2/3 approval of electorate	to be determined	land purchase & capital costs (including park, recreation, open space, libraries). Services: recreation, library, police, fire, ambulance, flood & storm, paramedic, hazardous clean-up, parks, open space, museums, & cultural facilities	Very flexible formulas allowed. Tax allocation not tied to benefit. Levied against real property. When used for services, the fee must be charged for new services only to parcels receiving services
PARCEL TAXES	special tax	2/3 approval of electorate	to be determined \$100 tax per parcel would generate \$850,000	Public safety, stormwater, cultural center, street maint., library & recreation services	Excise tax that may be applied at a flat per-parcel rate or on a unit rate (based on use, size, &/or no. of units. Proportionality of benefit to taxpayer by payers required

Revenue Sources (Continued)

Revenue Source	Revenue Type	Voter Approval Required? Who Votes?	Estimated Potential Annual Dollars	Use of Revenue	Comments
POLICE & FIRE TAX	special tax	2/3 approval of electorate	to be determined \$100 tax per parcel would generate \$850,000	Police and/or fire services & capital costs (types of costs must be specified in ballot measure)	Rate can be same for all parcel owners or can be based upon relative benefits received by each Can be applied city-wide or in zones that vary with benefit
FRANCHISES	franchise revenue	no	\$190,000	general	Refuse rate locked in for term of contract. Cable tv limited to max charged. PG&E not negotiable. (While City's rate for refuse is already relatively high at 16%, it could be increased to 20%
LIGHTING & LANDSCAPE ASSESSMENT	assessment	majority of property owners	\$800,000	maintenance of parks, landscaping, lighting, traffic signals, tree maintenance, sidewalk maintenance & graffiti abatement	Property owner vote is weighted by dollar assessments
FIRE SUPPRESSION DISTRICT	assessment	majority of property owners	\$4 million	fire suppression: obtain, furnish, operate & maintain fire services & apparatus; fire personnel salaries & benefits	Property owner vote is weighted by dollar assessments

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

Revenue Sources (Continued)

California Commission on Tax Policy in the New Economy

Final Report

DECEMBER 2003

CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET | CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET | CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET | CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET | CITY OF MORGAN HILL • FY 2004/05 • OPERATING AND CIP BUDGET

In determining its recommendations to alter California tax policy, the Commission was committed to evaluating tax policy within a framework of general principles of taxation. The Commission's objective was not to find new sources of revenue but to ensure that the State's tax structure meets the requirements of these guiding principles as well as the requirements of the new economy. In a broader context, fiscal and tax policy should consider both sides of the revenue dynamic:

- This report presents various options for changing California tax policy. For each option, the report provides background information, the type of action required for the proposal to be implemented (such as statutory, regulatory or constitutional amendment), and the effect of the proposed option on the balance of local and state authority. Then an analysis of pros and cons of the option is presented, organized using the three categories of guiding principles listed below. Analyzing the tax policy options in this manner will help define the parameters of the debate around each proposal. In addition, the Commission is proposing structural reforms to the state budget process.

FAIRNESS AND PERCEPTION

1. **Fairness and Equity:** Similarly situated taxpayers should be taxed similarly. Equity refers to both horizontal and vertical equity. Horizontal equity describes the concept that taxpayers with equal ability to pay should pay the same amount of tax. Vertical equity means that taxpayers with a greater ability to pay should pay more tax.
2. **Transparency and Visibility:** Taxpayers should know that a tax exists, how the tax will be administered, and when it will be imposed upon them and others. The taxpayer should also know for what purpose the revenues will be used.
3. **Minimum Tax Gap:** A tax should be structured to minimize noncompliance.
4. **Neutrality:** The impact of taxes on business and consumption decisions should be kept to a minimum.

[†] The analysis in Appendix H uses the same principles of taxation, but groups them slightly differently.

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5. **Certainty:** The tax rules should clearly specify when and how the tax is to be paid, and how the amount is to be determined.
6. **Convenience of Payment:** A tax should be due at a time or in a manner that is most likely to be convenient for the taxpayer.
7. **Economy of Collection:** The costs of collecting a tax should be kept to a minimum for both the government and taxpayers. Appeals should be handled fairly, easily and quickly.
8. **Simplicity:** The tax law should be simple so that taxpayers understand the rules and can comply with them correctly and in a cost-efficient manner.

9. **Economic Growth and Efficiency:** The tax system should not impede or reduce the productive capacity of the economy.
10. **Appropriate Government Revenues:** The government should be able to determine how much tax revenue will likely be collected and when. Tax systems must provide adequate, reliable revenues for both state and local governments.

CIP Funds

- [202-8050] Streets CIP
- [215-8000] CDBG Programs/Projects
- [301-8051] Park Development
- [303-8052] Local Drainage
- [304-8060] Local Drainage (non-AB1600)
- [309-8053] Traffic Impact
- [311-8080] Police Impact
- [313-8085] Fire Impact
- [317-8055] BAHS CIP
- [346-8049] Public Facility (non-AB1600)
- [347-8056] Public Facilities Impact
- [348-8059] Library Impact
- [350-8057] Undergrounding
- [360-8059] Community Center Impact
- [641-8140] Sewer Impact
- [643-8170] Sewer Capital Projects
- [651-8110] Water Impact
- [653-8120] Water Capital Projects

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
202	504D00	Streets	Butterfield Blvd Construction-Ph4	9,250	-	-
202	519096	Streets	Pavement Rehabilitation Program	100,000	-	-
202	524000	Streets	Main Ave at-grade UPRR Imprv (TEA-21Reimb)	104,539	-	-
202	525001	Streets	LED Traffic Light Conv.	63,405	-	-
202	527001	Streets	E Dunne Median Landscaping	5,364	-	-
202	528001	Streets	Monterey/UPR RPed Acces & Bike Path	2,398	-	-
202	534004	Streets	Bike Detection Loop Installation	-	-	42,000
202			Total	284,956	-	42,000

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
215	123002	Parks	Galvan Park Improvements	91,172	-	-
215	123A03	Parks	Galvan Park Restrooms	4,500	-	166,000
215	124003	Parks	Community Solutions El Toro Youth Ctr Expansion	-	-	65,000
215			Total	95,672	-	231,000

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
301	104096	Parks	Park Master Plan	185	-	-
301	106096	Parks	Butterfield Linear Park (TLC Grant Reimb)	460,763	-	-
301	110097	Parks	Parks Land Purchase	-	-	1,810,000
301	115A02	Parks	Sports Field Complex	-	-	200,000
301	118001	Parks	Paradise Park Play Equipment (Prop 12 Reimb)	173,452	-	-
301	120001	Parks	Community Park Improvements	50,000	-	50,000
301	122001	Parks	San Pedro Ponds Natural Park	75,436	-	-
301			Total	759,836	-	2,060,000

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
303	405093	Storm	Butterfield Blvd Channel	230,000	-	-
303	420001	Storm	Butterfield Detention Basin	30,174	-	2,000,000
303			Total	260,174	-	2,000,000

[304-8060] Local Drainage (non-AB1600)

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
304	415097	Storm	Storm Pipe and Inlet Install	160,000	-	130,000
304	421004	Storm	East Dunne/Hill Road Storm Drain	-	-	710,000
304	532003	Streets	Watsonville Bridge Guard Rail	27,000	-	-
304			Total	187,000	-	840,000

[309-8053] Traffic Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
309	501093	Streets	Plan Line Major Streets	161,102	-	105,000
309	501C02	Streets	Butterfield Plan Line - Madrone N of Cochrane	1,157	-	-
309	502093	Streets	New Signal Construction	410,000	-	-
309	502J01	Streets	Dianna/Butterfield Signal	54,755	-	-
309	507B99	Streets	Tennant Ave Widening	179,263	-	415,000
309	524000	Streets	Main Ave at-grade UPRR Imprv	245,500	-	-
309	528001	Streets	Monterey/UPRR Ped Access & Bike Path	175,000	-	520,000
309	531003	Streets	101-Tennant Interchange	170,000	-	-
309	534004	Streets	Bike Detection Loop Interchange	-	-	10,000
309			Total	1,396,777	-	1,050,000

[311-8080] Police Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
311	228000	Pub Fac	Police Facility	20,000	-	-
311			Total	20,000	-	-

[313-8085] Fire Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
313	231003	Pub Fac	Fire Station (Purchase CalTrain property)	550,000	-	100,000
313			Total	550,000	-	100,000

[317-8055] BAHS CIP

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
317	114000	Parks	Regional Soccer Complex	21,000	979,000	-
317	115000	Parks	Aquatics Center	10,509,116	-	76,000
317	115A02	Parks	Sports Field Complex	2,551,198	-	-
317	204093	Pub Fac	Downtown Transit Center	15,920	-	-
317	219097	Pub Fac	Community Cultural Center	24,629	-	-
317	227000	Pub Fac	Library	12,478	-	1,955,000
317	228000	Pub Fac	Police Facility	1,700,000	-	-
317	229001	Pub Fac	Indoor Recreation Center	4,232,346	936,453	4,630,000
317	230001	Pub Fac	Playhouse	9,253	-	-
317	417099	Storm	West Little Llagas Flood Control	-	-	330,000
317	502H01	Streets	Tennant/101 Signal	31,714	-	-
317	504D00	Streets	Butterfield Blvd Construction-Ph 4	4,663,021	-	-
317	507B99	Streets	Tennant Ave Widening	1,374,075	-	415,000
317	519096	Streets	Pavement Rehabilitation Program	350,000	-	350,000
317	519J03	Streets	Street Resurface 02/03	881,925	-	-
317			Total	26,376,675	1,915,453	7,756,000

[346-8049] Public Facility (non-AB1600)

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
346	115000	Parks	Aquatics Center	187,000	-	-
346	227000	Pub Fac	Library (County Library Funds)	-	-	553,000
346	228000	Pub Fac	Police Facility (COP Bond)	6,300,000	-	-
346	228000	Pub Fac	Police Facility (Library Land Sale)	1,700,000	-	-
346	228000	Pub Fac	Police Facility	1,200,000	-	-
346			Total	9,387,000	-	553,000

[347-8056] Public Facilities Impact

Project Appropriation Summary

Project Appropriation Summary				03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
Fund	Project	Category	Description			
347	204093	Pub Fac	Downtown Transit Center	17,912	-	-
347	205093	Pub Fac	Corporate Yard Expansion	108,631	-	-
347	227000	Pub Fac	Library	25,000	-	-
347			Total	151,543	-	

[348-8059] Library Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
348	227000	Pub Fac	Library	-	-	1,000,000
348			Total	-	-	1,000,000

[350-8057] Undergrounding

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
350	512093	Streets	Underground Monterey Utilities (Rule 20A Reimb)	10,000	-	195,000
350	529001	Streets	Underground Misc Locations	180,000	-	180,000
350			Total	190,000	-	375,000

[360-8059] Community Center Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
360	115A02	Parks	Sports Field Complex	-	-	50,000
348			Total	-	-	50,000

[641-8140] Sewer Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
641	303093	Sewer	Sewer Plant Improvement (SCRWA)	667,000	-	2,493,000
641	308094	Sewer	Trunk Line	438,000	-	430,000
641	314002	Sewer	Butterfield Sewer Trunk	83,448	-	-
641			Total	1,188,448	-	2,923,000

[643-8170] Sewer Capital Projects

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
643	301C98	Sewer	Dunne Avenue Sewer Replacement	2,793	-	-
643	301G00	Sewer	Cosmo/Monterey/Sewer Realign	113	-	-
643	302093	Sewer	Sanitary Sewer Rehabilitation	350,000	-	470,000
643	302F97	Sewer	Infiltration & Inflow Study	16,561	-	-
643	302H03	Sewer	DeWitt Sewer Replacement	5,900	-	-
643	304093	Sewer	Lift Station Improvements	643,844	-	630,000
643	304B95	Sewer	Lift Station B Improvements	112,748	-	-
643	305093	Sewer	Lift Station Telemetry	399,126	-	-
643			Total	1,531,085	-	1,100,000

[651-8110] Water Impact

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
651	524000	Streets	Main Ave at-grade UPRR Imprv	86,000	-	-
651	601H02	Water	Main Ave Well Drilling	382,504	-	-
651	601I02	Water	Emergency San Pedro Well	1,278	-	-
651	601J02	Water	San Pedro Pump Station	470,442	-	-
651	602093	Water	New Water Reservoirs	800,000	-	75,000
651	602A96	Water	Edmundson Water Tank Design	131,812	-	-
651	603093	Water	New Water Mains	120,000	-	270,000
651	619002	Water	Edmundson Main Distribution	660,000	-	-
651		Total		2,652,046	-	345,000

[653-8120] Water Capital Projects

Project Appropriation Summary

Fund	Project	Category	Description	03/04 Projected Expenditure	04/05 Proposed Carryover	04/05 New Request
653	601I02	Water	Emergency San Pedro Well	387,024	-	-
653	602093	Water	New Water Reservoirs	800,000	-	75,000
653	602A96	Water	Edmundson Water Tank Design	206,350	-	-
653	606093	Water	Radio Telemetry	582,444	-	-
653	607093	Water	Booster Pump Rehab	350,000	-	700,000
653	607A98	Water	Jackson Oaks Pump	14,626	-	-
653	608093	Water	Rehabilitate Water Wells	50,000	-	50,000
653	610093	Water	Water Main Replacement	205,000	-	290,000
653		Total		2,595,444	-	1,115,000

Parks	Project Subtotal	14,123,822	979,000	2,417,000
Pub Fac	Project Subtotal	15,916,169	936,453	8,238,000
Sewer	Project Subtotal	2,719,533	-	4,023,000
Storm	Project Subtotal	420,174	-	3,170,000
Streets	Project Subtotal	9,285,468	-	2,232,000
Water	Project Subtotal	5,161,490	-	1,460,000
ALL	PROJECT TOTAL	46,626,656	1,915,453	23,455,453

**CITY OF MORGAN HILL, CALIFORNIA
FIVE YEAR CAPITAL IMPROVEMENT PROGRAM
BUDGET SUMMARY**

	(Thousands of Dollars)					
	2004-05	2005-06	2006-07	2007-08	2008-09	TOTALS
PROJECT CATEGORIES						
1 Park Facilities	\$3,396	\$5,421	\$4,266	\$1,730	\$6,930	\$21,743
2 Public Facilities	\$8,238	\$32,185	\$1,571	\$2,930	\$0	\$44,924
3 Sanitary Sewer	\$4,023	\$8,568	\$912	\$2,568	\$8,108	\$24,179
4 Storm Drainage	\$3,170	\$1,330	\$4,205	\$4,230	\$130	\$13,065
5 Streets & Roads	\$2,232	\$1,365	\$14,550	\$8,740	\$180	\$27,067
6 Water	\$1,460	\$1,520	\$920	\$390	\$960	\$5,250
TOTALS	\$22,519	\$50,389	\$26,424	\$20,588	\$16,308	\$136,228
PROJECT FUNDING SOURCES						
202 Street Fund (STIP Grant)	\$0	\$0	\$3,985	\$0	\$0	\$3,985
202 Street Fund (STIP Grant VTP 2030)	\$0	\$0	\$1,100	\$6,100	\$0	\$7,200
202 Street Fund (STP/Measure B Grant)	\$0	\$0	\$1,200	\$0	\$0	\$1,200
202 Street Fund (TDA Article 3 Grant)	\$42	\$0	\$3,985	\$0	\$0	\$4,027
206 Community Development Fund	\$0	\$0	\$300	\$0	\$0	\$300
215 CDBG Section 108 Loan	\$65	\$100	\$1,000	\$0	\$0	\$1,165
215 CDBG Grant	\$166	\$0	\$0	\$0	\$0	\$166
301 Park Development Fund (AB1600)	\$2,060	\$4,509	\$245	\$122	\$1,870	\$8,806
302 Park Maint (Prop 40 Per Capita Grant Program)	\$0	\$230	\$0	\$0	\$0	\$230
301 Park Development Fund (TEA Grants)	\$0	\$136	\$0	\$688	\$0	\$824
302 Park Maint (Open Space Authority - MH Share) **	\$0	\$150	\$0	\$0	\$0	\$150
302 Park Maint (Open Space Funds - TDCs) **	\$0	\$150	\$0	\$0	\$0	\$150
302 Park Maint (Prop 40-Competitive)	\$0	\$30	\$0	\$0	\$0	\$30
303 Regional Drainage (AB1600)	\$2,000	\$90	\$2,445	\$0	\$0	\$4,535
304 Regional Drainage non-AB1600	\$840	\$130	\$130	\$130	\$130	\$1,360
309 Traffic Impact Fees (AB1600)	\$1,050	\$775	\$4,950	\$2,110	\$0	\$8,885
313 Fire Impact Fund (AB1600)	\$100	\$0	\$0	\$0	\$0	\$100
317 Redevelopment Agency	\$8,735	\$18,310	\$4,357	\$4,450	\$0	\$35,852
346 Pub Facil non-AB1600 (Co. Library Funds)	\$553	\$1,228	\$0	\$0	\$0	\$1,781
346 Pub Facil non-AB1600 (COP Bond)	\$0	\$0	\$0	\$2,050	\$0	\$2,050
346 Pub Facil non-AB1600 (Library Prop 14)	\$0	\$14,183	\$0	\$0	\$0	\$14,183
347 Public Facility Fund (AB1600)	\$0	\$0	\$380	\$880	\$0	\$1,260
348 Library Impact Fund	\$1,000	\$0	\$0	\$0	\$0	\$1,000
350 Undergrounding	\$375	\$240	\$180	\$180	\$180	\$1,155
360 Sports Field Impact Fee (AB1600)	\$50	\$40	\$40	\$50	\$50	\$230
641 Sewer Capital Expenditure Fund (AB1600)	\$3,123	\$178	\$392	\$2,218	\$128	\$6,039
641 Sewer Capital Expend Fund (Rev Bond Sale)	\$430	\$8,040	\$0	\$0	\$7,000	\$15,470
643 Sewer Replacement Fund	\$470	\$350	\$620	\$350	\$980	\$2,770
651 Water Capital Expenditure Fund (AB1600)	\$345	\$1,120	\$420	\$340	\$350	\$2,575
653 Water Replacement Fund	\$1,115	\$400	\$600	\$50	\$610	\$2,775
970 Funding Sources to be Developed	\$0	\$0	\$95	\$760	\$0	\$855
988 Private Funding Sources	\$0	\$0	\$0	\$110	\$5,010	\$5,120
TOTAL FUNDING SOURCES	\$22,519	\$50,389	\$26,424	\$20,588	\$16,308	\$136,228

** May require advance from Fund 301 Park Development

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CITY OF MORGAN HILL

CAPITAL IMPROVEMENT PROGRAM

Park Facilities

(Thousands of Dollars)

	2004-05	2005-06	2006-07	2007-08	2008-09	TOTALS
PROJECT TITLE						
106096 Butterfield Boulevard Linear Park	\$0	\$160	\$0	\$810	\$0	\$970
110097 Parks Land Purchase	\$1,810	\$1,075	\$0	\$0	\$1,870	\$4,755
114000 Regional Soccer Complex	\$979	\$0	\$0	\$0	\$0	\$979
115000 Aquatics Center	\$76	\$76	\$1,686	\$110	\$5,010	\$6,958
115A02 Sports Field Complex	\$250	\$2,450	\$40	\$50	\$50	\$2,840
117001 West Little Llagas Creek Trail	\$0	\$55	\$1,445	\$0	\$0	\$1,500
119001 Permanent Skateboard and BMX Park	\$0	\$0	\$95	\$760	\$0	\$855
120001 Community Park Improvements	\$50	\$1,205	\$0	\$0	\$0	\$1,255
123A03 Galvan Park Improvements Phase III	\$166	\$0	\$0	\$0	\$0	\$166
124003 El Toro Youth Center/Friendly Inn Renovation	\$65	\$100	\$1,000	\$0	\$0	\$1,165
125004 El Toro Open Space	\$0	\$300	\$0	\$0	\$0	\$300
	\$3,396	\$5,421	\$4,266	\$1,730	\$6,930	\$21,743
PROJECT FUNDING SOURCES						
202 Street Fund (STP/Measure B Grant)	\$0	\$0	\$1,200	\$0	\$0	\$1,200
215 CDBG Section 108 Loan	\$65	\$100	\$1,000	\$0	\$0	\$1,165
215 CDBG Grant	\$166	\$0	\$0	\$0	\$0	\$166
301 Park Development Fund (AB1600)	\$2,060	\$4,509	\$245	\$122	\$1,870	\$8,806
302 Park Maint (Prop 40 Per Capita Grant Program)	\$0	\$230	\$0	\$0	\$0	\$230
301 Park Development Fund (TEA Grants)	\$0	\$136	\$0	\$688	\$0	\$824
302 Park Maint (Open Space Authority - MH Share) **	\$0	\$150	\$0	\$0	\$0	\$150
302 Park Maint (Open Space Funds - TDCs) **	\$0	\$150	\$0	\$0	\$0	\$150
302 Park Maint (Prop 40-Competitive)	\$0	\$30	\$0	\$0	\$0	\$30
317 Redevelopment Agency	\$1,055	\$76	\$1,686	\$0	\$0	\$2,817
360 Sports Field Impact Fee (AB1600)	\$50	\$40	\$40	\$50	\$50	\$230
970 Funding Sources to be Developed	\$0	\$0	\$95	\$760	\$0	\$855
988 Private Funding Sources	\$0	\$0	\$0	\$110	\$5,010	\$5,120
	\$3,396	\$5,421	\$4,266	\$1,730	\$6,930	\$21,743

** May require advance from Fund 301 Park Development

5/14/2004 10:51 AM V - 8

PROJECT TITLE: Butterfield Boulevard Linear Park

Category: Park Facilities
Project Location: Butterfield Boulevard

Project Number: 106096

DESCRIPTION:

This project will provide landscaping, walkways and bikeways along Butterfield Boulevard. The first phase of the improvements from Main Avenue to San Pedro Avenue was funded and completed with a \$460,000 Transportation Enhancement Act (TEA) Grant. The second phase (San Pedro to Tennant) and third phase (Main to Central) have been extended out to FY07/08 and FY 05/06, respectively, when additional grant funds may be available. Phase III will occur first due to the smaller scope which will have better success for grant funds. Project funding depends on applying for and receiving grant funds.

JUSTIFICATION:

The Parks Master Plan calls for installation, where possible, of bike and pedestrian trails along all creeks and channels.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service		\$10		\$60		\$70
6360 - Construction		\$130		\$700		\$830
6530 - CIP Administration		\$20		\$50		\$70
PROJECT COST		\$160		\$810		\$970
FUNDING SOURCE(S)						
301-Park Development Fund (TEA Grants)		\$136		\$688		\$824
301-Park Development Fund (AB1600)		\$24		\$122		\$146
		\$160		\$810		\$970

PROJECT TITLE: Parks Land Purchase

Category: Park Facilities
Project Location: Citywide

Project Number: 110097

DESCRIPTION:

The purchase of land is needed for future parks as identified in the Park Master Plan. The Master Plan recommends that new neighborhood parks are to be sited adjacent to new schools to maximize joint use of facilities. Identified funding assumes acquisition and construction of a 5-acre neighborhood park over a 2-year period beginning in 04/05 and land acquisition for second park in 08/09.

JUSTIFICATION:

Acquiring property for new parks is a required element of the Parks Master Plan. The funds collected in the Park Development Fund will need to be committed prior to the time restriction of five years as set by AB 1600.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition	\$1,740				\$1,800	\$3,540
6200 - Professional Service	\$30	\$40			\$30	\$100
6360 - Construction		\$955				\$955
6530 - CIP Administration	\$40	\$80			\$40	\$160
PROJECT COST	\$1,810	\$1,075			\$1,870	\$4,755

FUNDING SOURCE(S)						
301-Park Development Fund (AB1600)	\$1,810	\$1,075			\$1,870	\$4,755
	\$1,810	\$1,075			\$1,870	\$4,755

PROJECT TITLE: Regional Soccer Complex

Category: Park Facilities

Project Number: 114000

Project Location: Adjacent to Sobrato High School

DESCRIPTION:

City contribution of \$1M to help develop a relocated and expanded regional soccer complex, if located in the Morgan Hill area. (Community soccer fields to be included in the Sports Field Complex project 115A02). \$21,000 is anticipated to be expended by June 30, 2004 for preliminary engineering and site planning purposes.

JUSTIFICATION:

Identified through the RDA Vision and Plan Amendment process as a priority recreation need.


RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction	\$979					\$979
6530 - CIP Administration						\$0
PROJECT COST	\$979					\$979
FUNDING SOURCE(S)						
317-Redevelopment Agency	\$979					\$979
	\$979					\$979

PROJECT TITLE: Aquatics Center

Category: Park Facilities		Project Number: 115000					
Project Location: Condit south of Barrett							
DESCRIPTION: Phase I constructed in FY 03/04. Funds in fiscal years 04/05 - 06/07 are to complete property acquisition for the remainder of the site. Phase II includes a dive pool, dive warm-up tank, 4,000 sq. ft. second recreation pool, and additional parking. Design of Phase II in 07/08 and construction in 08/09 contingent upon identification of private funding sources. Phase II, per the Aquatics Master Plan, is estimated to cost \$5.0M. Phase II funding depends on receiving private donations.							
JUSTIFICATION: Project identified as a community priority need in the RDA Visioning and Plan Amendment Process.							
RESPONSIBLE DEPARTMENT: Recreation, BAHS, Public Works							
							
CODE - COSTS		(Thousands of Dollars)					Five-Year
		2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition		\$76	\$76	\$1,686			\$1,838
6200 - Professional Service					\$100		\$100
6360 - Construction						\$4,900	\$4,900
6530 - CIP Administration					\$10	\$110	\$120
PROJECT COST		\$76	\$76	\$1,686	\$110	\$5,010	\$6,958
FUNDING SOURCE(S)							
317-Redevelopment Agency		\$76	\$76	\$1,686			\$1,838
988-Private Funding Sources					\$110	\$5,010	\$5,120
		\$76	\$76	\$1,686	\$110	\$5,010	\$6,958

PROJECT TITLE: Sports Field Complex

Category: Park Facilities

Project Number: 115A02

Project Location: Southeast corner of Condit and San Pedro avenues

DESCRIPTION:

A large sports complex for organized outdoor sports is needed. Master Plan projects \$8M - \$10M to build out. Build-out costs identified but not programmed include off-site costs for 5,000 linear ft. of street improvements at \$1.0M. Community groups have volunteered to help construct phased project. In accordance with Parks Master Plan, a minimum of 10 baseball/softball fields and 6 soccer fields with lights, concession stands, restrooms and parking are planned. Expenditure in FY04/05 is for design of the complex. Assumes phased construction beyond 5 years. Phase 1 in FY 05/06 provides minimum field improvements including temporary fields, grading, irrigation, turf, four game backstops and four practice backstops, and expansion of parking lot. Previous FY expenditures on land acquisition were a total of \$7.65M. Funding in 6/07 - 08/09 with available impact fees will facilitate cooperative phased improvements with youth sports organizations



JUSTIFICATION:

Recommended in Parks Master Plan.

RESPONSIBLE DEPARTMENT:

Recreation, Public Works

CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$240					\$240
6360 - Construction		\$2,400	\$40	\$50	\$50	\$2,540
6530 - CIP Administration	\$10	\$50				\$60
PROJECT COST	\$250	\$2,450	\$40	\$50	\$50	\$2,840
FUNDING SOURCE(S)						
301-Park Development Fund (AB1600)	\$200	\$2,410				\$2,610
360-Sports Field Impact Fee (AB1600)	\$50	\$40	\$40	\$50	\$50	\$230
	\$250	\$2,450	\$40	\$50	\$50	\$2,840

PROJECT TITLE: West Little Llagas Creek Trail

Category: Park Facilities

Project Number: 117001

Project Location: Edmundson to La Crosse

DESCRIPTION:

The West Little Llagas Creek Trail was identified in the Bicycle Master Plan as a high priority for implementation. Phase 1 was completed in 01/02 and connected the Paradise Valley Trail system to Edmundson Avenue. Phase 2 will extend the trail from Edmundson to Spring Avenue, contingent upon timing of the PL566 storm drain project. The City has received a \$1.2M grant requiring a 20% minimum match.

JUSTIFICATION:

This trail is designated as a high priority in circulation element of the General Plan and the adopted Bikeways Master Plan.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service		\$40	\$100			\$140
6360 - Construction			\$1,245			\$1,245
6530 - CIP Administration		\$15	\$100			\$115
PROJECT COST		\$55	\$1,445			\$1,500
FUNDING SOURCE(S)						
202-Street Fund (STP/Measure B Grant)			\$1,200			\$1,200
301-Park Development Fund (AB1600)		\$55	\$245			\$300
		\$55	\$1,445			\$1,500

PROJECT TITLE: Permanent Skateboard and BMX Park

Category: Park Facilities

Project Number: 119001

Project Location: Community Indoor Recreation Center

DESCRIPTION:

The project is for construction of a permanent skateboard and BMX park. Location has been accommodated in the Indoor Recreation Center site plan. Interim facility funded by City. Permanent site to be funded with partnership from community resources. Project funding relies on funding sources not yet identified.

JUSTIFICATION:

The permanent skateboard and BMX park will be an essential recreational facility in the city. This project complies with the General Plan requirement to support development of the recreational facilities identified in the Morgan Hill Vision Process.

RESPONSIBLE DEPARTMENT:

Public Works, Recreation



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service			\$80	\$30		\$110
6360 - Construction				\$700		\$700
6530 - CIP Administration			\$15	\$30		\$45
PROJECT COST			\$95	\$760		\$855
FUNDING SOURCE(S)						
970-Funding Sources to be Developed			\$95	\$760		\$855
			\$95	\$760		\$855

PROJECT TITLE: Community Park Improvements

Category: Park Facilities

Project Number: 120001

Project Location: Community Park

DESCRIPTION:

Expansion of Community Park is to be completed in accordance with the Parks Master Plan and Community Park Master Plan. The improvements are to include additional tennis, volleyball and basketball courts. Project must be phased due to funding limitation. The Community Park Master Plan identifies a need for \$3.0M - \$4.5M in total costs. Phase I improvements are planned for design in 04/05 and construction in 05/06.

JUSTIFICATION:

Additional recreation needs of our growing population can be met by expanding facilities at Community Park in conformance with the Parks Master Plan.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$30					\$30
6360 - Construction		\$1,185				\$1,185
6530 - CIP Administration	\$20	\$20				\$40
PROJECT COST	\$50	\$1,205				\$1,255
FUNDING SOURCE(S)						
301-Park Development Fund (AB1600)	\$50	\$945				\$995
302-Park Maint (Prop 40 Per Capita Grant Program)		\$230				\$230
302-Park Maint (Prop 40-Competitive)		\$30				\$30
	\$50	\$1,205				\$1,255

PROJECT TITLE: Galvan Park Improvements Phase III

Category: Park Facilities
Project Location: Galvan Park

Project Number: 123A03

DESCRIPTION:

CDGB funding was acquired to construct the improvements in phases. Phase I and II improvements at a cost of \$63,954 included installation of containment curbs in the parking/sidewalk areas between the baseball field and the handball courts and removal and replacement of the concrete within the handball court. Phase III improvements will include the removal and replacement of the baseball backstop and restroom building.

JUSTIFICATION:

The Parks and Recreation Master Plan calls for restrooms to be located in parks where organized league sport activities occur. The existing restroom facility is in disrepair. The existing baseball backstop is supported by wooden vertical support posts in poor condition.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
	6120 - Property Acquisition					
6200 - Professional Service						\$0
6360 - Construction	\$146					\$146
6530 - CIP Administration	\$20					\$20
PROJECT COST	\$166					\$166
FUNDING SOURCE(S)						
215-CDBG Grant	\$166					\$166

PROJECT TITLE: El Toro Youth Center/Friendly Inn Renovation

Category: Park Facilities

Project Number: 124003

Project Location: Hale Avenue North of Main Avenue

DESCRIPTION:

Master Plan will be completed in FY 04/05 to establish programming needs for the YMCA and El Toro programs. Master Plan will identify construction/renovations required to meet programming needs. Design and construction in FYs 05/06 and 06/07 are dependent on the availability of CDBG Section 108 Loan funds. Project funding relies on availability of CDBG Section 108 loan funds.

JUSTIFICATION:

Identified by City Council direction for inclusion in the Parks Master Plan.

RESPONSIBLE DEPARTMENT:

Public Works, BAHS



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$65	\$100				\$165
6360 - Construction			\$1,000			\$1,000
6530 - CIP Administration						\$0
PROJECT COST	\$65	\$100	\$1,000			\$1,165
FUNDING SOURCE(S)						
215-CDBG Section 108 Loan	\$65	\$100	\$1,000			\$1,165
	\$65	\$100	\$1,000			\$1,165

PROJECT TITLE: El Toro Open Space

Category: Park Facilities

Project Number: 125004

Project Location: El Toro

DESCRIPTION:

Purchase of additional land on El Toro to add to city open space in accordance with the General Plan. Funding is from Morgan Hill's share of County Open Space Authority revenue and City Open Space funds. (Note: The asterisks (**) under FUNDING SOURCES indicate that this may require an advance from Park Development Fund 301 to be repaid from future annual revenues over 10 years.)

JUSTIFICATION:

General Plan Open Space and Conservation Element advocates the preservation of open space, including specifically, El Toro.

RESPONSIBLE DEPARTMENT:

Community Development



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition		\$300				\$300
6200 - Professional Service						\$0
6360 - Construction						\$0
6530 - CIP Administration						\$0
PROJECT COST		\$300				\$300
FUNDING SOURCE(S)						
302-Park Maint (Open Space Authority - MH Share) *		\$150				\$150
302-Park Maint (Open Space Funds - TDCs) **		\$150				\$150
		\$300				\$300

(Thousands of Dollars)

[illegible]

PROJECT TITLE: City Hall Expansion

Category: Public Facilities

Project Number: 222000

Project Location: Corner of Peak and Alkire

DESCRIPTION:

City Hall site master plan study completed in 01/02. For CIP planning purposes, assume new Library on adjacent site and funds in FY 06/07 for Community Development and Public Works Engineering / Administration to move to the remodeled old Library. Funds shown in FY 07/08 to remodel remaining City Hall.

JUSTIFICATION:

Expansion needed for public lobby area, Council Chambers, conference and meeting rooms, and for staff growth. Combining Community Development and Public Works Engineering will facilitate one-stop permitting.

RESPONSIBLE DEPARTMENT:

Public Works, Community Development



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service			\$75	\$175		\$250
6360 - Construction			\$720	\$2,550		\$3,270
6530 - CIP Administration			\$85	\$205		\$290
PROJECT COST			\$880	\$2,930		\$3,810

FUNDING SOURCE(S)

206-Community Development Fund			\$300			\$300
346-Pub Facil non-AB1600 (COP Bond)				\$2,050		\$2,050
347-Public Facility Fund (AB1600)			\$380	\$880		\$1,260
641-Sewer Capital Expenditure Fund (AB1600)			\$100			\$100
651-Water Capital Expenditure Fund (AB1600)			\$100			\$100
			\$880	\$2,930		\$3,810

PROJECT TITLE: Library

Category: Public Facilities
Project Location: Civic Center Site

Project Number: 227000

DESCRIPTION:

A new library of at least 28,000 sq. ft. has been determined to be needed to meet the growing needs of the City. Identified funding assumes a 40,000 sq. ft. building with Prop. 14 funds. If Prop. 14 funds are not obtained, the project will be scaled back to a \$7.6M facility (\$5.5M City, \$2.1M County Library). The architect's design contract was approved in FY00/01 for a total of \$1,058,000 with \$236,000 spent in previous years and \$162,000 in County Library funds received for design. The remaining \$984,000 share to be expended in 04/05 for design services. In June 2004 Council will decide on where to build a smaller library if the grant is not approved. Project funding depends on applying for and receiving grant funds.

JUSTIFICATION:

Identified as community priority during both RDA Visioning and Plan Amendment processes. Our existing 14,000 sq. ft. facility is too small for our needs.

RESPONSIBLE DEPARTMENT:

Recreation, Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition	\$1,988					\$1,988
6200 - Professional Service	\$1,480	\$1,200				\$2,680
6360 - Construction		\$14,737				\$14,737
6450 - Furnishings, Fixtures and Equipment		\$2,815				\$2,815
6530 - CIP Administration	\$40	\$130				\$170
PROJECT COST	\$3,508	\$18,882				\$22,390
FUNDING SOURCE(S)						
317-Redevelopment Agency	\$1,955	\$3,471				\$5,426
346-Pub Facil non-AB1600 (Co. Library Funds)	\$553	\$1,228				\$1,781
346-Pub Facil non-AB1600 (Library Prop 14)		\$14,183				\$14,183
348-Library Impact Fund	\$1,000					\$1,000
	\$3,508	\$18,882				\$22,390

PROJECT TITLE: Community Indoor Recreation Center

Category: Public Facilities

Project Number: 229001

Project Location: Along Edmundson east of Community Park

DESCRIPTION:

As identified in new Parks and Recreation Master Plan, facility includes gymnasium, indoor pool, and dedicated youth and senior spaces. A business plan was completed in FY 01/02 identifying capital costs required to meet all identified needs for the building. Based on this, Council approved \$20.7M for construction. This was \$13.8M beyond original allocation. Total Council-approved project cost is \$26.2M, including prior year spending on land (\$5.6M), design services (\$90,000), and architectural services (\$1.7M). Scheduled groundbreaking March 2005; opening May 2006.

JUSTIFICATION:

Identified as a priority community need through the RDA Visioning and Plan Amendment Process. Project directly supports the "values and developmental assets" outlined in the Cornerstone Project adopted by Council. The developmental assets most supported by construction of facility are those of providing youth a place for constructive use of time, and a place to build social competencies and positive identity.

RESPONSIBLE DEPARTMENT:

Public Works, Recreation



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$570	\$103	\$195			\$868
6360 - Construction	\$4,000	\$13,080	\$496			\$17,576
6530 - CIP Administration	\$60	\$120				\$180
PROJECT COST	\$4,630	\$13,303	\$691			\$18,624
FUNDING SOURCE(S)						
317-Redevelopment Agency	\$4,630	\$13,303	\$691			\$18,624
	\$4,630	\$13,303	\$691			\$18,624

PROJECT TITLE: New Fire Station

Category: Public Facilities
Project Location: Central Core of City

Project Number: 231003

DESCRIPTION:

The Fire Master Plan identified the need for a third fire station in the central core of the City. Acquisition of the property was completed in FY 03/04. Funding in FY 04/05 is for the Fire Station share of joint use driveway with the future Courthouse.

JUSTIFICATION:

Identified in the Fire Master Plan.

RESPONSIBLE DEPARTMENT:

Public Works, BAHS



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction	\$100					\$100
6530 - CIP Administration						\$0
PROJECT COST	\$100					\$100
FUNDING SOURCE(S)						
313-Fire Impact Fund (AB1600)	\$100					\$100
	\$100					\$100

(Thousands of Dollars)

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PROJECT TITLE: Sanitary Sewer Rehabilitation

Category: Sanitary Sewer
Project Location: Citywide/San Pedro

Project Number: 302093

DESCRIPTION:

The City's sewer collection system requires an ongoing program of evaluation, cleaning, clearing, improvements, and repairs. Sewer lines are routinely cleaned and videoed to evaluate the system. Some lines will require relining. Trenchless techniques used for this work are relatively quick and minimize disruption to traffic. San Pedro sanitary sewer line between Butterfield Blvd and Railroad is scheduled to be upgraded in FY 04/05 per the Sanitary Sewer Master Plan.

JUSTIFICATION:

This program will improve the reliability, including handling infiltration and inflow problems, of the City's sanitary sewer system, which will reduce the number of emergency calls and will lower maintenance costs.

RESPONSIBLE DEPARTMENT:


Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction	\$350	\$250	\$250	\$250	\$250	\$1,350
6530 - CIP Administration	\$120	\$100	\$100	\$100	\$100	\$520
PROJECT COST	\$470	\$350	\$350	\$350	\$350	\$1,870

FUNDING SOURCE(S)						
643-Sewer Replacement Fund	\$470	\$350	\$350	\$350	\$350	\$1,870
	\$470	\$350	\$350	\$350	\$350	\$1,870

PROJECT TITLE: Sewer Plant Improvement Project

Category: Sanitary Sewer		Project Number: 303093					
Project Location: Gilroy Treatment Plant							
DESCRIPTION: The plant now has a rated treatment capacity of 7.5 mgd (million gallons/day), but SCRWA has requested re-rating to 8.5 mgd. Major 04/05 costs associated with work to add 3.0 mgd of tertiary treatment for recycled water (for a total of 6.0 mgd). Design of next major plant expansion to 12.75 mgd to begin in 07/08, with construction in 08/09. Expenditures in FY 08/09 will require a revenue bond sale.							
JUSTIFICATION: The expansion will enable the City to allocate sewer capacity as needed for future growth.							
RESPONSIBLE DEPARTMENT: Public Works							
							
CODE - COSTS		(Thousands of Dollars)					Five-Year
		2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition							\$0
6200 - Professional Service							\$0
6360 - Construction		\$2,443	\$128	\$242	\$2,168	\$7,078	\$12,059
6530 - CIP Administration		\$50	\$50	\$50	\$50	\$50	\$250
PROJECT COST		\$2,493	\$178	\$292	\$2,218	\$7,128	\$12,309
FUNDING SOURCE(S)							
641-Sewer Capital Expenditure Fund (AB1600)		\$2,493	\$178	\$292	\$2,218	\$128	\$5,309
641-Sewer Capital Expend Fund (Rev Bond Sale)						\$7,000	\$7,000
		\$2,493	\$178	\$292	\$2,218	\$7,128	\$12,309

PROJECT TITLE: Lift Station Improvements

Category: Sanitary Sewer
Project Location: Citywide

Project Number: 304093

DESCRIPTION:

The 13 lift stations city-wide are systematically replaced and upgraded. The improvements needed include new pump & motor, electrical, high level floats, alarms, a generator available for (or dedicated to) each lift station, generator transfer switches and a telemetry system to monitor stations at both the Public Works and City Dispatch facilities. A new lift station is (G) scheduled to be constructed in the Gateway area in FY 04/05. In FY 06/07 and 08/09, Lift Stations C, M, and H will be rehabilitated.

Since Lift Station G is a new facility, it will be funded by Fund 641 (Sewer Capital Expansion); lift station rehabilitation is funded by Fund 643 (Sewer Replacement).

JUSTIFICATION:

This project is in compliance with RWQCB and will be completed to ensure public health and safety. Many of the lift stations are over 30 years old, which is well beyond their expected service life. Improving the City's lift stations is in compliance with the City's Sewer Master Plan of Sewer and RWQCB guidelines, and ensures the reliability of the sewer networking system.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$50		\$30		\$50	\$130
6360 - Construction	\$500		\$200		\$500	\$1,200
6530 - CIP Administration	\$80		\$40		\$80	\$200
PROJECT COST	\$630		\$270		\$630	\$1,530
FUNDING SOURCE(S)						
641-Sewer Capital Expenditure Fund (AB1600)	\$630			\$0		\$630
643-Sewer Replacement Fund			\$270		\$630	\$900
	\$630		\$270		\$630	\$1,530

PROJECT TITLE: Trunk Line

Category: Sanitary Sewer
Project Location: Morgan Hill to Gilroy

Project Number: 308094

DESCRIPTION:

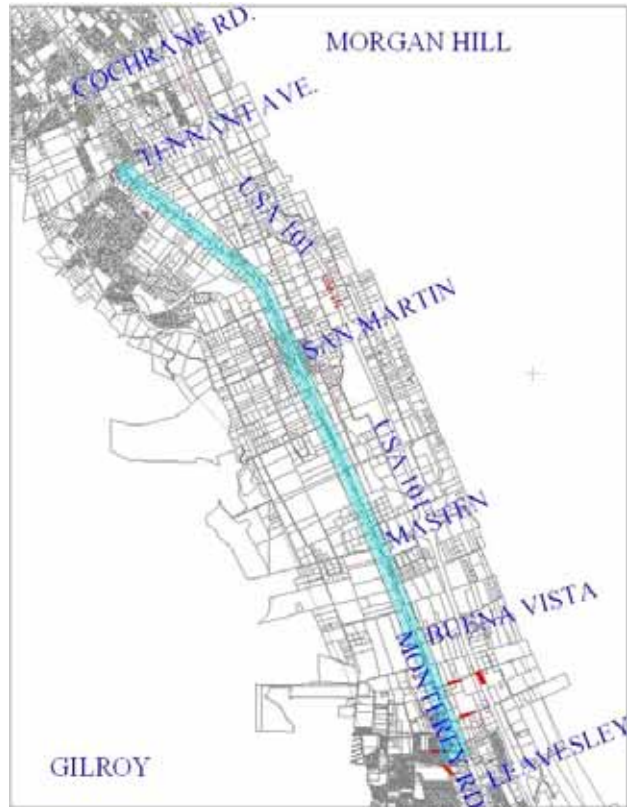
A new parallel trunk sewer is needed to provide for increased wastewater capacity in accordance with the City's general plan. Funding in FY 04/05 for final design costs and funding in FY 05/06 for construction.

JUSTIFICATION:

Need identified in FY 2002 Sewer Master Plan.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$350	\$420				\$770
6360 - Construction		\$7,500				\$7,500
6530 - CIP Administration	\$80	\$120				\$200
PROJECT COST	\$430	\$8,040				\$8,470
FUNDING SOURCE(S)						
641-Sewer Capital Expend Fund (Rev Bond Sale)	\$430	\$8,040				\$8,470
	\$430	\$8,040				\$8,470

**CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM
Storm Drainage**

(Thousands of Dollars)

PROJECT TITLE		2004-05	2005-06	2006-07	2007-08	2008-09	TOTALS
401093	Storm Retention Implementation	\$0	\$1,110	\$1,520	\$1,110	\$0	\$3,740
415097	Storm Pipe and Inlet Installation	\$130	\$130	\$130	\$130	\$130	\$650
417099	West Little Llagas Local Drainage	\$330	\$0	\$110	\$2,990	\$0	\$3,430
420001	Butterfield Detention Basin	\$2,000	\$90	\$2,445	\$0	\$0	\$4,535
421004	East Dunne / Hill Road Storm Drain	\$710	\$0	\$0	\$0	\$0	\$710
		\$3,170	\$1,330	\$4,205	\$4,230	\$130	\$13,065
PROJECT FUNDING SOURCES							
303	Regional Drainage (AB1600)	\$2,000	\$90	\$2,445	\$0	\$0	\$4,535
304	Regional Drainage non-AB1600	\$840	\$130	\$130	\$130	\$130	\$1,360
317	Redevelopment Agency	\$330	\$1,110	\$1,630	\$4,100	\$0	\$7,170
		\$3,170	\$1,330	\$4,205	\$4,230	\$130	\$13,065

PROJECT TITLE: Storm Retention Implementation

Category: Storm Drainage

Project Number: 401093

Project Location:

DESCRIPTION:

This project is a placeholder for land purchase and/or construction of joint use parks and regional detention basins area-wide. The City is working closely with the Santa Clara Valley Water District to optimize the location of these basins. The PL 566 diversion channel diverts water flow at Watsonville Rd., and takes water to Silvera, diverting it from E. Little Llagas Creek.



JUSTIFICATION:

The construction of retention basins will reduce the levels of flooding and the cost of flood damage city-wide, and is consistent with the RDA Plan Amendment goal of reducing flooding in the City.

RESPONSIBLE DEPARTMENT:

Public Works

CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition		\$1,040		\$935		\$1,975
6200 - Professional Service		\$10		\$100		\$110
6360 - Construction			\$1,440			\$1,440
6530 - CIP Administration		\$60	\$80	\$75		\$215
PROJECT COST		\$1,110	\$1,520	\$1,110		\$3,740

FUNDING SOURCE(S)						
317-Redevelopment Agency		\$1,110	\$1,520	\$1,110		\$3,740
		\$1,110	\$1,520	\$1,110		\$3,740

PROJECT TITLE: Storm Pipe and Inlet Installation

Category: Storm Drainage
Project Location: Citywide

Project Number: 415097

DESCRIPTION:

The project will construct storm drains and storm inlets at various locations within the city to resolve existing drainage problems. The scope of work will be to identify problem areas to eliminate localized flooding. Work in FY 04/05 includes Farralon Drive.

JUSTIFICATION:

The various projects will minimize local flooding where possible, thereby improving public safety.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction	\$90	\$90	\$90	\$90	\$90	\$450
6530 - CIP Administration	\$40	\$40	\$40	\$40	\$40	\$200
PROJECT COST	\$130	\$130	\$130	\$130	\$130	\$650
FUNDING SOURCE(S)						
304-Regional Drainage non-AB1600	\$130	\$130	\$130	\$130	\$130	\$650
	\$130	\$130	\$130	\$130	\$130	\$650

PROJECT TITLE: West Little Llagas Local Drainage

Category: Storm Drainage
Project Location: Llagas Flood Control

Project Number: 417099

DESCRIPTION:

Following the PL566 project, this project will complete the local drains. The largest flooding area of the City is along West Little Llagas Creek. With the completion of the PL566 Project and the completion of these local drains, the FEMA Flood designation will be removed.

JUSTIFICATION:

This is the largest area of flooding in the City.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$300		\$100	\$20		\$420
6360 - Construction				\$2,910		\$2,910
6530 - CIP Administration	\$30		\$10	\$60		\$100
PROJECT COST	\$330		\$110	\$2,990		\$3,430
FUNDING SOURCE(S)						
317-Redevelopment Agency	\$330		\$110	\$2,990		\$3,430
	\$330		\$110	\$2,990		\$3,430

PROJECT TITLE: Butterfield Detention Basin

Category: Storm Drainage
Project Location: Maple/Railroad

Project Number: 420001

DESCRIPTION:

Construction of 30+ acre detention basin in accordance with adopted EIR. Project may be jointly used in future as practice sports fields. Property acquisition funded in FY 02/03.

JUSTIFICATION:

The railroad drainage area of city has no natural storm water outlet. Previous storm drain master plans and a 1992 EIR identified the site for construction of a detention basin to mitigate downstream flooding upon completion of the Butterfield Channel.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition	\$1,800					\$1,800
6200 - Professional Service	\$50	\$50	\$40			\$140
6360 - Construction			\$2,325			\$2,325
6530 - CIP Administration	\$150	\$40	\$80			\$270
PROJECT COST	\$2,000	\$90	\$2,445			\$4,535

FUNDING SOURCE(S)						
303-Regional Drainage (AB1600)	\$2,000	\$90	\$2,445			\$4,535
	\$2,000	\$90	\$2,445			\$4,535

PROJECT TITLE: East Dunne / Hill Road Storm Drain

Category: Storm Drainage
Project Location: E. Dunne & Hill Rd.

Project Number: 421004

DESCRIPTION:

Construction of storm drain improvements at the intersection of E. Dunne Avenue and Hill Road to alleviate flooding at that location. Scope includes storm drain pipe in Hill Road, catch basins and laterals, and box culvert under E. Dunne Avenue.

JUSTIFICATION:

Alleviates flooding at intersection of E. Dunne Avenue and Hill Road.

RESPONSIBLE DEPARTMENT:



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$60					\$60
6360 - Construction	\$590					\$590
6530 - CIP Administration	\$60					\$60
PROJECT COST	\$710					\$710
FUNDING SOURCE(S)						
304-Regional Drainage non-AB1600	\$710					\$710
	\$710					\$710

CITY OF MORGAN HILL

CAPITAL IMPROVEMENT PROGRAM

Streets & Roads

(Thousands of Dollars)

PROJECT TITLE		2004-05	2005-06	2006-07	2007-08	2008-09	TOTALS
501093	Plan Line Major Streets	\$105	\$215	\$0	\$0	\$0	\$320
502093	New Signal Construction	\$0	\$230	\$0	\$230	\$0	\$460
504E00	Butterfield Boulevard Extension	\$0	\$0	\$6,050	\$7,980	\$0	\$14,030
507B99	Tennant Avenue Widening	\$830	\$0	\$0	\$0	\$0	\$830
512093	Underground Monterey Utilities	\$195	\$60	\$0	\$0	\$0	\$255
519096	Pavement Rehabilitation Program	\$350	\$350	\$350	\$350	\$0	\$1,400
529001	Underground Utilities - Misc. Locations	\$180	\$180	\$180	\$180	\$180	\$900
531003	101/Tennant Interchange	\$520	\$330	\$7,970	\$0	\$0	\$8,820
534004	Bike Detection Loop Installation	\$52	\$0	\$0	\$0	\$0	\$52
		\$2,232	\$1,365	\$14,550	\$8,740	\$180	\$27,067
PROJECT FUNDING SOURCES							
202	Street Fund (STIP Grant)	\$0	\$0	\$3,985	\$0	\$0	\$3,985
202	Street Fund (STIP Grant VTP 2030)	\$0	\$0	\$1,100	\$6,100	\$0	\$7,200
202	Street Fund (TDA Article 3 Grant)	\$42	\$0	\$3,985	\$0	\$0	\$4,027
309	Traffic Impact Fees (AB1600)	\$1,050	\$775	\$4,950	\$2,110	\$0	\$8,885
317	Redevelopment Agency	\$765	\$350	\$350	\$350	\$0	\$1,815
350	Undergrounding	\$375	\$240	\$180	\$180	\$180	\$1,155
		\$2,232	\$1,365	\$14,550	\$8,740	\$180	\$27,067

PROJECT TITLE: Plan Line Major Streets

Category: Streets & Roads

Project Number: 501093

Project Location: Citywide

DESCRIPTION:

The Circulation Element of the General Plan identifies future roadways to relieve traffic congestion, eliminate safety problems, and/or improve access. Plan lines, which include environmental review are to be established for:

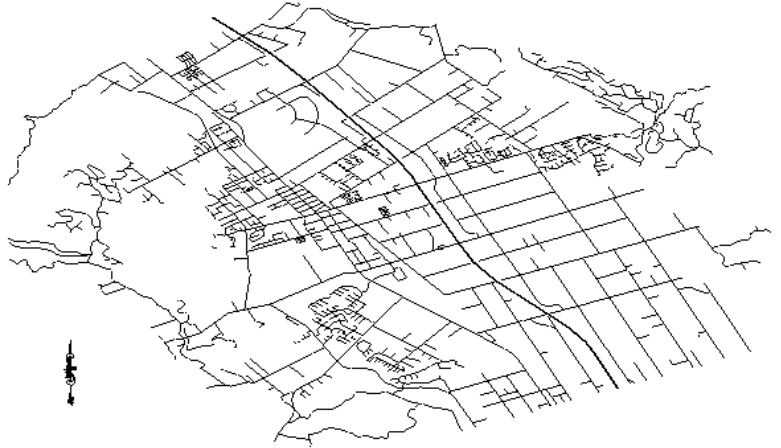
- 1) Butterfield Boulevard - from Tennant Avenue south to Watsonville Road;
- 2) Butterfield Boulevard - from Cochrane Rd. northwest to Santa Teresa;
- 3) Santa Teresa corridor - south City limits to north City limits (have draft plan line -- need Environmental Document)

JUSTIFICATION:

Establishing plan lines for the City's future streets will ensure the preservation of the required rights-of-way for future streets.

RESPONSIBLE DEPARTMENT:

Public Works



CITYWIDE

CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$65	\$175				\$240
6360 - Construction						\$0
6530 - CIP Administration	\$40	\$40				\$80
PROJECT COST	\$105	\$215				\$320
FUNDING SOURCE(S)						
309-Traffic Impact Fees (AB1600)	\$105	\$215				\$320
	\$105	\$215				\$320

PROJECT TITLE: New Signal Construction

Category: Streets & Roads

Project Number: 502093

Project Location: Citywide

DESCRIPTION:

As traffic volumes increase, warrant studies will be conducted to determine what other intersections should be signalized or upgraded. In 04/05, the Tennant/SB 101 ramp signals will be constructed using FY 03/04 funds.

JUSTIFICATION:

New signals and signal upgrades at key intersections in the City will improve access to key business districts, as well as improve traffic circulation and safety.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service		\$25		\$25		\$50
6360 - Construction		\$165		\$165		\$330
6530 - CIP Administration		\$40		\$40		\$80
PROJECT COST		\$230		\$230		\$460
FUNDING SOURCE(S)						
309-Traffic Impact Fees (AB1600)		\$230		\$230		\$460
		\$230		\$230		\$460

PROJECT TITLE: Butterfield Boulevard Extension

Category: Streets & Roads

Project Location: Butterfield Blvd (Cochrane Rd to Watsonville Rd)

Project Number: 504E00

DESCRIPTION:


Butterfield Boulevard is a planned multi-lane arterial that will connect Cochrane Road to Watsonville Road. (Butterfield Blvd. will also extend north of Cochrane). This will provide an alternative north/south route and will improve service levels on Monterey Road. In FY 03/04, the phase of the work extending Butterfield Boulevard from San Pedro to Tennant was completed, with that section opened in December 03. The final phase of this work extends Butterfield from Tennant to Watsonville Road. This section is included in the VTP 2030 which makes it eligible for Federal and State transportation grant funds. The scope of work for the Tennant Ave. to Watsonville Rd. section includes a grade separation over the Union Pacific railroad tracks near Fisher Avenue.

JUSTIFICATION:

Butterfield Boulevard is being built to meet existing and future traffic volumes in the City and the Redevelopment Project Area. It will also continue to enhance access to substantial tracts of commercial and industrial land and will contribute to economic development goals.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition			\$4,800			\$4,800
6200 - Professional Service			\$1,100			\$1,100
6360 - Construction				\$7,980		\$7,980
6530 - CIP Administration			\$150			\$150
PROJECT COST			\$6,050	\$7,980		\$14,030

FUNDING SOURCE(S)						
202-Street Fund (STIP Grant VTP 2030)			\$1,100	\$6,100		\$7,200
309-Traffic Impact Fees (AB1600)			\$4,950	\$1,880		\$6,830
			\$6,050	\$7,980		\$14,030

PROJECT TITLE: Tennant Avenue Widening

Category: Streets & Roads

Project Location: Tennant Avenue east of Edmundson

Project Number: 507B99

DESCRIPTION:


Tennant Avenue will be widened from Vineyard to Monterey Road consistent with the remaining improved section from Vineyard to Highway 101. Full improvements exist on the south. Widening, including right-of-way acquisition, is needed on the north side of the road. Project was budgeted for construction in 02/03, but right-of-way acquisition delayed the project. The project scope and timing are now being reviewed. Currently, construction on the project is scheduled to start in FY 04/05.

JUSTIFICATION:

The project will complete construction of this 4-lane arterial from Monterey Road to SR101.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$40					\$40
6360 - Construction	\$700					\$700
6530 - CIP Administration	\$90					\$90
PROJECT COST	\$830					\$830

FUNDING SOURCE(S)						
309-Traffic Impact Fees (AB1600)	\$415					\$415
317-Redevelopment Agency	\$415					\$415
	\$830					\$830

PROJECT TITLE: Underground Monterey Utilities

Category: Streets & Roads

Project Location: Monterey - Dunne to 600' north of Cosmo

Project Number: 512093

DESCRIPTION:


The City's goal is to underground the overhead utility lines along Monterey Rd. from Dunne Ave. to Tennant Ave. using Rule 20A funds. PG&E is responsible for design. Sufficient Rule 20A funds are available to accomplish undergrounding from Dunne to approximately 600 ft. north of Cosmo. Construction anticipated in 05/06 using \$1,000,000 of Rule 20A funding. These funds will not come to the City, but will be spent by PG&E against the City's 20A fund balance held by PG&E.

JUSTIFICATION:

The undergrounding of utilities will improve travel safety.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$150					\$150
6360 - Construction						\$0
6530 - CIP Administration	\$45	\$60				\$105
PROJECT COST	\$195	\$60				\$255

FUNDING SOURCE(S)						
350-Undergrounding	\$195	\$60				\$255
	\$195	\$60				\$255

PROJECT TITLE: Pavement Rehabilitation Program

Category: Streets & Roads

Project Number: 519096

Project Location: Citywide

DESCRIPTION:

The Pavement and Sidewalk Rehabilitation Program involves the rehabilitation of existing street and sidewalk surfaces. The work may involve overlay, removal and reconstruction, crack seal or chip seal depending on street conditions and availability of funds. Locations will be determined annually based on information obtained from the City's Pavement Management System. RDA funding (the City's only current source of funding) ends in 07/08.

JUSTIFICATION:

This program extends the life of our streets. By so doing, the surface life of these streets will be prolonged, thus reducing expensive asphalt concrete resurfacing costs.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$20	\$20	\$20	\$20		\$80
6360 - Construction	\$300	\$300	\$300	\$300		\$1,200
6530 - CIP Administration	\$30	\$30	\$30	\$30		\$120
PROJECT COST	\$350	\$350	\$350	\$350		\$1,400
FUNDING SOURCE(S)						
317-Redevelopment Agency	\$350	\$350	\$350	\$350		\$1,400
	\$350	\$350	\$350	\$350		\$1,400

PROJECT TITLE: Underground Utilities - Misc. Locations

Category: Streets & Roads

Project Location: Undetermined

Project Number: 529001

DESCRIPTION:


In-lieu fees are collected on case-by-case basis from developers when utility undergrounding is not feasible. These funds are contributed (also on a case-by-case basis) to developers to extend undergrounding beyond the frontage of their development, or in a CIP project to extend undergrounding beyond the project's limit.

JUSTIFICATION:

The undergrounding of overhead utility wires and poles increases safety and aesthetics of the streetscape.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$15	\$15	\$15	\$15	\$15	\$75
6360 - Construction	\$135	\$135	\$135	\$135	\$135	\$675
6530 - CIP Administration	\$30	\$30	\$30	\$30	\$30	\$150
PROJECT COST	\$180	\$180	\$180	\$180	\$180	\$900
FUNDING SOURCE(S)						
350-Undergrounding	\$180	\$180	\$180	\$180	\$180	\$900
	\$180	\$180	\$180	\$180	\$180	\$900

PROJECT TITLE: 101/Tennant Interchange

Category: Streets & Roads

Project Number: 531003

Project Location: 101/Tennant Interchange

DESCRIPTION:

Widen Tennant Avenue bridge over Highway 101 and provide a loop on-ramp at eastbound Tennant to northbound 101. Construction contingent upon receiving STIP grant. Funding in 03/04 was to complete the Project Study Report. Funding in FY 04/05 to complete Environmental Review and Project Report. Funding in FY 05/06 for preliminary design to improve chances for grant funding. Current VTP 2020 plan reflects construction funding in 2015.

JUSTIFICATION:

City General Plan shows traffic growth will require bridge widening and loop on-ramp.


RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$430	\$300				\$730
6360 - Construction			\$7,850			\$7,850
6530 - CIP Administration	\$90	\$30	\$120			\$240
PROJECT COST	\$520	\$330	\$7,970			\$8,820
FUNDING SOURCE(S)						
309-Traffic Impact Fees (AB1600)	\$520	\$330				\$850
202-Street Fund (STIP Grant)			\$3,985			\$3,985
202-Street Fund (TDA Article 3 Grant)			\$3,985			\$3,985
	\$520	\$330	\$7,970			\$8,820

PROJECT TITLE: Bike Detection Loop Installation

Category: Streets & Roads Project Location: Monterey Road		Project Number: 534004				
<p>DESCRIPTION: This project replaces existing vehicle detection loops with bicycle sensitive detection loops that will enable bicyclists to trigger traffic signals at signalized intersections along Monterey Road.</p> <p>JUSTIFICATION: The Bikeways Master Plan designated Monterey Road as a major north/south bicycle route. Provisions are currently in place to complete signing and striping of Monterey Road for bicyclists.</p> <p>RESPONSIBLE DEPARTMENT:</p>						
						
CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction	\$42					\$42
6530 - CIP Administration	\$10					\$10
PROJECT COST	\$52					\$52
FUNDING SOURCE(S)						
202-Street Fund (TDA Article 3 Grant)	\$42					\$42
309-Traffic Impact Fees (AB1600)	\$10					\$10
	\$52					\$52

Water

(Thousands of Dollars)

[illegible]

PROJECT TITLE: New Well Property/Construction

Category: Water
Project Location: Citywide

Project Number: 601093

DESCRIPTION:

The Water Master Plan recommends that more water wells be constructed to meet quality standards, improve reliability, and provide for increased demand due to growth.

JUSTIFICATION:

The 2002 Water Master Plan identifies the need for two additional wells.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service		\$85				\$85
6360 - Construction		\$700				\$700
6530 - CIP Administration		\$40				\$40
PROJECT COST		\$825				\$825
FUNDING SOURCE(S)						
651-Water Capital Expenditure Fund (AB1600)		\$825				\$825
		\$825				\$825

PROJECT TITLE: New Water Reservoirs

Category: Water
Project Location: Citywide

Project Number: 602093

DESCRIPTION:

The City is currently below national standard for storage capacity. The City currently has a one-day supply and must add additional storage reservoirs consistent with our Water Master Plan. The new Edmundson Reservoir was completed in 03/04. Boys Ranch Reservoir was delayed with jurisdictional issues, and will be awarded in 03/04 and completed in 04/05. The Holiday/Jackson and Woodland Acres zones are other zones which will need additional storage in later years.

JUSTIFICATION:

The reservoirs will reduce peak demand electrical power by being filled at night. Also, this allows the City to maintain an adequate water supply for both domestic consumption and fire protection, to accommodate additional demand, to improve water quality and to assist in the protection of our citizens in the event of a natural disaster.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction						\$0
6530 - CIP Administration	\$150					\$150
PROJECT COST	\$150					\$150
FUNDING SOURCE(S)						
651-Water Capital Expenditure Fund (AB1600)	\$75					\$75
653-Water Replacement Fund	\$75					\$75
	\$150					\$150

PROJECT TITLE: New Water Mains

Category: Water
Project Location: Citywide

Project Number: 603093

DESCRIPTION:

New water mains are required to provide adequate water supply as the City expands. In accordance with the 2002 Water Master Plan, some mains will be constructed by the City, and some by developers with partial reimbursement from the City.

JUSTIFICATION:

Currently, some areas in our water system are experiencing fire flow demand problems. The new water mains will ensure that adequate water is supplied throughout the system to accommodate future demand.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$30	\$35	\$40	\$40	\$45	\$190
6360 - Construction	\$200	\$220	\$240	\$260	\$265	\$1,185
6530 - CIP Administration	\$40	\$40	\$40	\$40	\$40	\$200
PROJECT COST	\$270	\$295	\$320	\$340	\$350	\$1,575
FUNDING SOURCE(S)						
651-Water Capital Expenditure Fund (AB1600)	\$270	\$295	\$320	\$340	\$350	\$1,575
	\$270	\$295	\$320	\$340	\$350	\$1,575

PROJECT TITLE: Booster Pump Rehabilitation

Category: Water
Project Location: City Booster Stations

Project Number: 607093

DESCRIPTION:

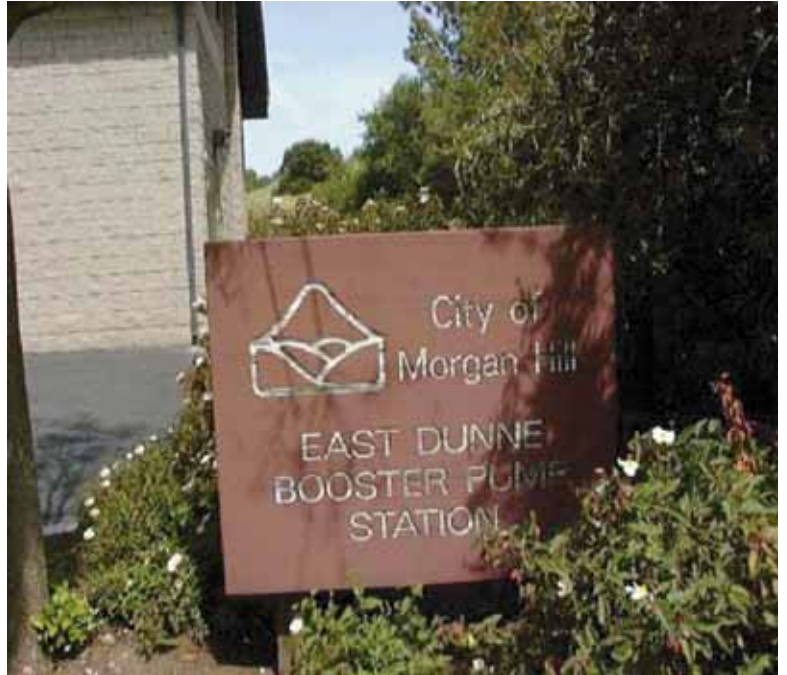
In accordance with our Water Master Plan, several of our water booster stations are in need of rehabilitation. The Jackson Oaks booster pump - to be rehabilitated first - will include more secure enclosures, improved mechanical equipment and emergency power provisions. Total project cost is \$1,030,000, and the funding in 04/05 reflects the balance of funding to complete the project. The other two stations programmed for rehab will be Woodland Acres and Glen Ayre.

JUSTIFICATION:

Several existing booster pumps are very old and require excessive maintenance.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$30		\$20		\$30	\$80
6360 - Construction	\$600		\$200		\$200	\$1,000
6530 - CIP Administration	\$70		\$40		\$40	\$150
PROJECT COST	\$700		\$260		\$270	\$1,230
FUNDING SOURCE(S)						
653-Water Replacement Fund	\$700		\$260		\$270	\$1,230
	\$700		\$260		\$270	\$1,230

PROJECT TITLE: Rehabilitate Water Wells

Category: Water
Project Location: Citywide

Project Number: 608093

DESCRIPTION:

During the operation of the City's water system, several wells have been exhibiting damage from long-term use and undue wear.

All facilities will be standardized to reduce the required parts inventory and provide ease of maintenance. Electrical deficiencies at these sites will be addressed and chlorination equipment will be upgraded.

JUSTIFICATION:

Rehabilitation is needed to improve water quality, restore the production demand at all wells throughout the system, and respond to the Department of Health Services order to chlorinate all wells.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service						\$0
6360 - Construction	\$40	\$40	\$40	\$40	\$40	\$200
6530 - CIP Administration	\$10	\$10	\$10	\$10	\$10	\$50
PROJECT COST	\$50	\$50	\$50	\$50	\$50	\$250

FUNDING SOURCE(S)						
653-Water Replacement Fund	\$50	\$50	\$50	\$50	\$50	\$250
	\$50	\$50	\$50	\$50	\$50	\$250

PROJECT TITLE: Water Main Replacement

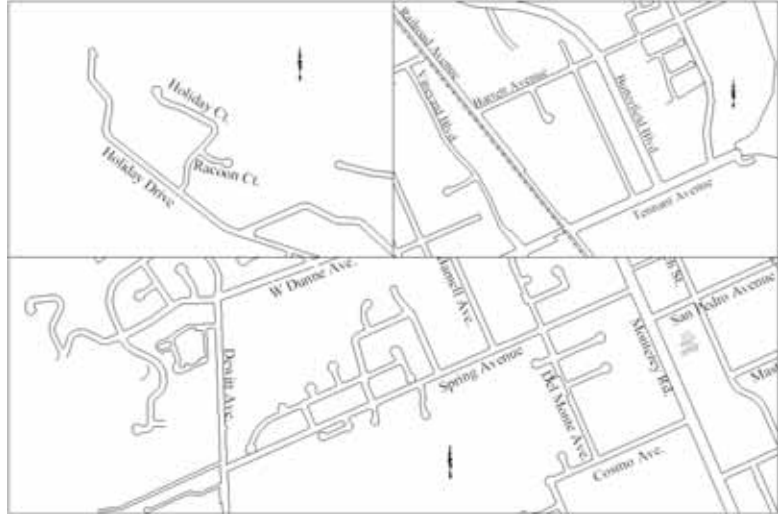
Category: Water
Project Location: Citywide

Project Number: 610093

DESCRIPTION:

This project was set up to budget for annual improvements to the City's water system. In 03/04 the Jackson Reservoir pressure line from the Jackson Booster Pump was partially replaced. The main lines planned for replacement are as shown:

- * Racoon Ct. FY 04/05
- * Spring Ave. FY 06/07
- * Barrett Ave. FY 08/09



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service	\$10		\$10		\$10	\$30
6360 - Construction	\$230		\$230		\$230	\$690
6530 - CIP Administration	\$50		\$50		\$50	\$150
PROJECT COST	\$290		\$290		\$290	\$870
FUNDING SOURCE(S)						
653-Water Replacement Fund	\$290		\$290		\$290	\$870
JUSTIFICATION: These projects will increase fire flows to current standards.						
RESPONSIBLE DEPARTMENT: Public Works						
	\$290		\$290		\$290	\$870

PROJECT TITLE: Polybutylene Service Replacement

Category: Water
Project Location: Citywide

Project Number: 615095

DESCRIPTION:

Polybutylene water services were extensively used throughout town from 1970 to 1985. The plastic water services have proven to be inferior and break frequently. We have been replacing the services systematically for many years, and there are currently less than 250 polybutylene services left in Morgan Hill. Our 05/06 project will complete the replacement.

JUSTIFICATION:

By replacing the plastic water services, the City will realize a substantial savings in staff time and will lessen inconvenience to the City's water customers.

RESPONSIBLE DEPARTMENT:

Public Works



CODE - COSTS	(Thousands of Dollars)					Five-Year
	2004-05	2005-06	2006-07	2007-08	2008-09	
6120 - Property Acquisition						\$0
6200 - Professional Service		\$20				\$20
6360 - Construction		\$300				\$300
6530 - CIP Administration		\$30				\$30
PROJECT COST		\$350				\$350
FUNDING SOURCE(S)						
653-Water Replacement Fund		\$350				\$350
		\$350				\$350